

STAR URANIUM CORP.  
272-2366 Avenue C North,  
Saskatoon, SK  
S7L 5X5

**STAR URANIUM CORP.**

**Unaudited Condensed Interim Financial Statements**

**For the nine months ended July 31, 2013**

**(Expressed in Canadian Dollars)**

**STAR URANIUM CORP.**

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

	<b>July 31, 2013</b>	<b>October 31, 2012</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 750,137	\$ 1,225,652
Receivables	10,284	10,058
Prepaid expenses	14,563	5,894
	<u>774,984</u>	<u>1,241,604</u>
<b>Equipment (Note 5)</b>	22,995	10,348
<b>Exploration and evaluation assets (Note 6)</b>	2,549,979	2,529,532
	<u>\$ 3,347,958</u>	<u>\$ 3,781,484</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 46,748	\$ 157,884
	<u>46,748</u>	<u>157,884</u>
<b>EQUITY</b>		
Capital stock (Note 7)	17,097,563	17,097,563
Other equity reserve (Note 7)	628,380	628,380
Deficit	(14,424,733)	(14,102,343)
	<u>3,301,210</u>	<u>3,623,600</u>
	<u>\$ 3,347,958</u>	<u>\$ 3,781,484</u>

**Going Concern** (Note 2)

**Subsequent Events** (Note 11)

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

Approved and authorized by the Board of Directors on September 27, 2013.

On behalf of the Board of Directors:

“KYLE KOZUSKA”

\_\_\_\_\_  
Director

“JIM ENGDAHL”

\_\_\_\_\_  
Director

**STAR URANIUM CORP.**

**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<b>For the three months</b>		<b>For the nine months</b>	
	<b>ended</b>		<b>ended</b>	
	<b>July 31,</b>	<b>July 31,</b>	<b>July 31,</b>	<b>July 31,</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Bank fees	\$ 40	\$ 66	\$ 95	\$ 178
Consulting (Note 8)	3,470	6,500	9,120	15,152
Depreciation	685	647	1,719	1,941
Filing fees	1,000	75	9,601	5,275
Insurance	2,976	3,000	8,928	8,000
Management fees (Note 8)	138,500	12,500	210,167	57,483
Meals and entertainment	740	422	2,411	2,063
Office expense	6,004	5,251	10,482	24,945
Premises expense	2,641	1,000	7,273	3,000
Professional fees	14,430	7,594	32,010	30,358
Property examination	23,204	-	23,204	-
Share-based compensation	-	10,880	-	10,880
Transfer agent	662	7,128	2,345	8,847
Travel and promotion	3,055	2,435	11,258	5,499
	(197,407)	(57,498)	(328,613)	(173,621)
Finance income	599	3,510	6,223	11,431
<b>Net loss and comprehensive loss for the period</b>	<b>(196,808)</b>	<b>(53,988)</b>	<b>(322,390)</b>	<b>(162,190)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.003)</b>	<b>\$ (0.001)</b>	<b>\$ (0.005)</b>	<b>\$ (0.002)</b>
<b>Weighted average common shares</b>	<b>67,455,255</b>	<b>67,455,255</b>	<b>67,455,255</b>	<b>67,455,255</b>

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

**STAR URANIUM CORP.**

**STATEMENTS OF CASH FLOWS**

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

	July 31, 2013	July 31, 2012
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (322,390)	\$ (162,190)
Items not involving cash:		
Depreciation	1,719	1,941
Share-based compensation	-	10,880
Non-cash working capital item changes:		
Receivables	(226)	(3,492)
Prepaid expenses	(8,669)	4,150
Deposits	-	(34,082)
Accounts payable and accrued liabilities	(25,573)	(42,340)
	(355,139)	(225,133)
<b>Cash flows used in investing activities</b>		
Exploration and evaluation assets	(106,010)	(121,524)
Acquisition of furniture and equipment	(14,366)	-
	(120,376)	(121,524)
<b>Decrease in cash</b>	(475,515)	(346,657)
Cash, beginning of period	1,225,652	1,668,263
Cash, end of period	\$ 750,137	\$ 1,321,606
Cash (paid)/received during the period for taxes	\$ -	\$ -
Cash (paid)/received during the period for interest	\$ -	\$ -

As at July 31, 2013, \$14,835 (October 31, 2012 - \$100,398) of exploration and evaluation assets are included in accounts payable and accrued liabilities.

As at July 31, 2012, \$31,337 (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 July 31, 2013 and 2012 affecting cash flows from operating, financing, or investing activities.

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

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

**STAR URANIUM CORP.**

**STATEMENTS OF CHANGES IN EQUITY**

**For the nine months ended July 31, 2013 and 2012**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

	Number of Shares	Capital Stock	Other Equity Reserve	Deficit	Total 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>
Share-based compensation	-	-	10,880	-	10,880
Loss for the period	-	-	-	(162,190)	(162,190)
<b>Balance July 31, 2012</b>	<b>67,455,255</b>	<b>\$ 17,097,563</b>	<b>\$ 628,380</b>	<b>\$ (14,042,093)</b>	<b>\$ 3,683,850</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	-	-	-	(322,390)	(322,390)
<b>Balance July 31, 2013</b>	<b>67,455,255</b>	<b>\$ 17,097,563</b>	<b>\$ 628,380</b>	<b>\$ (14,424,733)</b>	<b>\$ 3,301,210</b>

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

# **STAR URANIUM CORP.**

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

**For the nine months ended July 31, 2013**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **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

For the nine months ended July 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

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### 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

For the nine months ended July 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 equity.

#### *Income taxes*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities 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 and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities 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

For the nine months ended July 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 July 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

For the nine months ended July 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:

	Furniture and Fixtures	Exploration Equipment	Total
<b>Cost</b>			
Balance at October 31, 2012 and 2011	\$ -	\$ 52,928	\$ 52,928
Additions	9,667	4,699	14,366
Balance at July 31, 2013	\$ 9,667	\$ 57,627	\$ 67,294

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements For the nine months ended July 31, 2013 (Expressed in Canadian Dollars) (Unaudited)

### 5. Equipment - continued

<b>Depreciation</b>	<b>Furniture and Fixtures</b>	<b>Exploration Equipment</b>	<b>Total</b>
Balance at October 31, 2011	\$ -	\$ 39,992	\$ 39,992
Depreciation for the year	-	2,588	2,588
Balance at October 31, 2012	\$ -	\$ 42,580	\$ 42,580
Depreciation for the period	129	1,590	1,719
Balance at July 31, 2013	\$ 129	\$ 44,170	\$ 44,299
<b>Carrying amounts</b>			
At October 31, 2012	\$ -	\$ 10,348	\$ 10,348
At July 31, 2013	\$ 9,538	\$ 13,457	\$ 22,995

### 6. Exploration and Evaluation Assets

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

	<b>Anglo Rouyn</b>	<b>Black Lake</b>	<b>Collins Bay</b>	<b>Fort a la Corne</b>	<b>Pistol Lake</b>	<b>Povol Lake</b>	<b>Wrangler West</b>	<b>Total</b>
<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	-	-	-	17,799	-	-	-	17,799
Total additions for the period	-	-	-	17,799	-	-	2,648	20,447
<b>Balance July 31, 2013</b>	<b>\$181,537</b>	<b>\$260,879</b>	<b>\$860,982</b>	<b>\$542,917</b>	<b>\$26,370</b>	<b>\$ 45,285</b>	<b>\$ 632,009</b>	<b>\$2,549,979</b>

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements For the nine months ended July 31, 2013 (Expressed in Canadian Dollars) (Unaudited)

### 6. Exploration and Evaluation Assets - continued

Cumulative Totals	Anglo Rouyn	Black Lake	Collins Bay	Fort a la Corne	Pistol Lake	Povol Lake	Wrangler West	Total
Acquisition costs	\$ 373	\$ 3,112	\$ 40,000	\$ 19,325	\$ 25,602	\$ 2,055	\$ 100,000	\$ 190,468
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	96,165	-	-	40,361	239,544
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 July 31, 2013</b>	<b>\$181,537</b>	<b>\$260,879</b>	<b>\$860,982</b>	<b>\$542,917</b>	<b>\$26,370</b>	<b>\$ 45,285</b>	<b>\$ 632,009</b>	<b>\$2,549,979</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

For the nine months ended July 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

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### 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, and test or abandon test wells on or before December 31, 2009.

The Company had earned a 50% 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 July 31, 2013, the Company had 67,455,255 common shares outstanding.

The Company did not issue any shares during the period ending July 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 For the nine months ended July 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 July 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	(1,500,000)	0.10
<b>Outstanding and exercisable, July 31, 2013</b>	<b>1,500,000</b>	<b>\$ 0.10</b>

Number of Shares Under Option	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
1,500,000	1,500,000	\$ 0.10	6.59	February 29, 2020

#### Options Granted

During the period ended July 31, 2013, 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:

	Nine months ended July 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 For the nine months ended July 31, 2013 (Expressed in Canadian Dollars) (Unaudited)

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

#### Warrants

The Company had no warrants issued or outstanding as at July 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 July 31,</b>	
	<b>2013</b>	<b>2012</b>
Short-term benefits*	\$ 210,167	\$ 57,586
	<b>\$ 210,167</b>	<b>\$ 57,586</b>

\*includes 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 For the nine months ended July 31, 2013 (Expressed in Canadian Dollars) (Unaudited)

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### 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 July 31,	
	2013	2012
Premise and office expenses paid or accrued to Shane Resources Ltd.	\$ 3,667	\$ 10,500
Premise expense and consulting fees paid or accrued to Paradigm Portfolio Management Corp.	6,604	-
	<u>\$ 10,271</u>	<u>\$ 10,500</u>

As at July 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, \$Nil (October 31, 2012-\$1,750) due to 101028771 Sask. Ltd., a company owned by the CEO, and \$Nil due to 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 For the nine months ended July 31, 2013 (Expressed in Canadian Dollars) (Unaudited)

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### 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 July 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

For the nine months ended July 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 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.

# **STAR URANIUM CORP.**

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

**For the nine months ended July 31, 2013**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **11. Subsequent Events**

On June 4, 2013, the Company announced that it had entered into a Letter of Intent (“LOI”) with Great Western Minerals Group Ltd. (“GWMG”) that sets out the basic terms and conditions by which the Company will have the right and option to acquire up to a 51% participating interest (the “Interest”) in the mineral and other related rights in and to GWMG’s Hoidas Lake Rare Earth Project located in northern Saskatchewan.

The Company’s right to acquire the Interest will be segregated into two tranches. The Company will have the right to acquire a 25% participating interest in the Hoidas Lake Project by funding and completing a preliminary economic assessment in respect of the Hoidas Lake Project within two years. Upon successfully exercising the first tranche and acquiring a 25% participating interest, the Company will have the right to acquire a 26% participating interest in the Hoidas Lake Project by funding and completing a feasibility study in respect of the Hoidas Lake Project within four years of the completion of the preliminary economic assessment.

The completion of the transaction is subject to the acceptance of the TSX Venture Exchange and all other required approvals and consents.

On September 9, 2013, the Company announced the election, at the Annual Special and General Meeting of shareholders held August 27, 2013, of the Honorable William (Bill) McKnight as director of the Company. The Company also announced the resignation of Mr. Kulvinder (Kal) Matharu as director of the Company and the appointment of Ms. Karen Frisky as chief financial officer and corporate secretary of the Company. Ms. Frisky’s appointment is subject to the approval of the TSX Venture Exchange.