Star Minerals Group Ltd.
Star Minerals Group US LLC

Annual Audited Consolidated Financial Statements

For the year ended October 31, 2014

(Expressed in Canadian Dollars)

CSE:SUV info@starminerals.ca

272-2366 Avenue C North
Saskatoon, SK S7L 5X5

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Star Minerals Group Ltd.

We have audited the accompanying consolidated financial statements of Star Minerals Group Ltd., which comprise the consolidated statements of financial position as at October 31, 2014 and 2013 and the consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

NEXIA INTERNATIONAL
1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Star Minerals Group Ltd. as at October 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Star Minerals Group Ltd.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Accountants

March 2, 2015

STAR MINERALS GROUP LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT

(Expressed in Canadian Dollars)

	October 31, 2014	October 31, 2013
ASSETS		
Current		
Cash	$ 3,443	$ 565,252
Receivables	47,275	8,266
Prepaid expenses	25,909	16,496
	76,627	590,014
Non-current		
Property, plant and equipment (Note 5)	667,940	23,044
Exploration and evaluation assets (Note 6)	260,542	2,405,097
Long term deposits	11,193	-
Finance lease (Note 7)	524,720	-
Investments (Note 12)	22,000	-
	$ 1,563,022	$ 3,018,155
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 11)	$ 592,885	$ 47,871
Finance lease obligation (current) (Note 7)	75,271	-
Flow-through share premium liability (Note 8)	40,105	-
	708,261	47,871
Non-current		
Finance lease obligation (non-current) (Note 7)	462,820	-
	1,171,081	47,871
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)	17,924,483	17,097,563
Other equity reserve (Note 9)	766,152	628,380
Accumulated other comprehensive income	45,933	-
Deficit	(18,344,627)	(14,755,659)
	391,941	2,970,284
	$ 1,563,022	$ 3,018,155

Nature of Operations (Note 1)
Going Concern (Note 2)
Commitment and Contingencies (Note 16)
Subsequent Events (Note 17)
The accompanying notes are an integral part of the consolidated financial statements.

Approved and authorized by the Board of Directors on March 2, 2015.

On behalf of the Board:

"JIM ENGDAHL"	"GARY BILLINGSLEY"
Director	Director

STAR MINERALS GROUP LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	For the years ended	
	October 31, 2014	**October 31, 2013**
Revenue	$ 177,711	$ -
Cost of Sales	(436,541)	-
	(258,830)	-
Operating Expenses		
Bank fees	2,980	342
Consulting	6,833	10,362
Depreciation of property, plant and equipment (Note 5)	25,077	4,765
Depreciation of finance lease (Note 7)	26,992	-
Filing fees	12,289	10,329
Finance expense (Note 7)	24,367	-
Insurance	19,738	12,672
Management fees (Note 11)	331,421	344,915
Meals and entertainment	2,622	2,955
Office expense	22,126	28,144
Premises expense	29,559	16,122
Professional fees	79,332	64,871
Property examination	2,108	72,984
Share-based payments (Note 9 and 11)	81,917	-
Transfer agent	13,245	3,367
Travel and promotion	47,798	16,561
Finance income	(1,317)	(6,728)
Other income (Note 8)	(18,701)	-
Gain on debt settlement (Note 9)	(4,484)	-
Impairment of exploration and evaluation assets (Note 6)	2,601,972	71,655
Loss on disposal of equipment	3,704	-
Foreign exchange loss	560	-
Loss on revaluation of investment (Note 12)	20,000	-
	(3,330,138)	(653,316)
Loss for the year	**(3,588,968)**	**(653,316)**
Translation adjustment	45,933	-
Comprehensive loss for the year	**$ (3,543,035)**	**$ (653,316)**
Loss per share – basic and diluted	**$ (0.09)**	**$ (0.03)**
Weighted average common shares	**38,862,618**	**22,485,085**

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

STAR MINERALS GROUP LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended
(Expressed in Canadian Dollars)

		October 31, 2014		October 31, 2013
Cash flows used in operating activities				
Loss for the year	$	(3,588,968)	$	(653,316)
Items not involving cash:				
Depreciation of property, plant and equipment		25,077		4,765
Loss on revaluation of investments		20,000		-
Gain on debt settlement		(4,484)		-
Loss on disposal of equipment		3,704		-
Impairment of exploration and evaluation assets		2,601,972		71,655
Share-based payments		81,917		-
Other income from flow-through premium		(18,701)		-
Depreciation of finance lease		26,992		-
Finance expense		24,367		-
Warrants issued for promotion expense		2,383		-
Non-cash working capital item changes:				
Receivables		(38,124)		1,792
Prepaid expenses		(9,413)		(10,602)
Accounts payable and accrued liabilities		342,548		(9,614)
		(530,730)		(595,320)
Cash flows used in investing activities				
Proceeds from sale of exploration and evaluation assets		40,000		-
Exploration and evaluation assets		(160,179)		(47,619)
Acquisition of property, plant and equipment		(601,755)		(17,461)
Disposal of property, plant and equipment		39,617		-
Deposits		(10,940)		-
Payment of lease obligation		(38,290)		-
		(731,547)		(65,080)
Cash flows provided by financing activities				
Issuance of shares and warrants		682,652		-
Share issuance costs		(28,454)		
		654,198		-
Decrease in cash		(608,079)		(660,400)
Effect of foreign currency exchange		46,270		-
Cash, beginning of year		565,252		1,225,652
Cash, end of year	$	3,443	$	565,252
Cash (paid)/received during the year for taxes	$	-	$	-
Cash (paid)/received during the year for interest	$	-	$	-

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

For supplement disclosure with regards to cash flows see Note 15.

STAR MINERALS GROUP LTD.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED OCTOBER 31, 2014 AND 2013

(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Other Equity Reserve (Note 9)	Accumulated Other Comprehensive Income	Deficit	Total Shareholder Equity
Balance Oct 31, 2012	**22,485,085**	**$ 17,097,563**	**$ 628,380**	**$ -**	**($14,102,343)**	**$ 3,623,600**
Loss for the year	-	-	-	-	(653,316)	(653,316)
Balance Oct 31, 2013	**22,485,085**	**$ 17,097,563**	**$ 628,380**	**$ -**	**($14,755,659)**	**$ 2,970,284**
Shares issued in private placement	11,377,533	629,180	53,472	-	-	682,652
Flow through premium liability	-	(58,806)	-	-	-	(58.806)
Shares issued for exploration and evaluation assets	4,000,000	260,000	-	-	-	260,000
Shares issued for debt settlement	1,000,000	25,000	-	-	-	25,000
Share issue costs	-	(28,454)	-	-	-	(28,454)
Share-based payments	-	-	81,917	-	-	81,917
Fair value of warrants issued for promotion services	-	-	2,383	-	-	2,383
Foreign translation adjustment	-	-	-	45,933	-	45,933
Loss for the year	-	-	-	-	(3,588,968)	(3,588,968)
Balance Oct 31, 2014	**38,862,618**	**$ 17,924,483**	**$ 766,152**	**$ 45,933**	**($18,344,627)**	**$ 391,941**

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

1. Nature of Operations

Star Minerals Group Ltd. (the "Company" or "Star") was incorporated in British Columbia and extra provincially registered in Alberta. The records office is 272-2366 Avenue C North, Saskatoon, SK S7L 5X5. The Company subsequently continued as a corporation under the jurisdiction of Saskatchewan and is a reporting issuer in Ontario due to having shares listed on the Canadian Securities Exchange (the "CSE").

In April 2014, the Company incorporated a subsidiary company in the jurisdiction of the State of Montana. The subsidiary, Star Minerals Group US LLC, ("Star US") will be the operating company for projects within the United States. Star US is the operator of a gold placer property in Montana, as further discussed in Note 7.

The Company is also in the process of exploring its mineral interests and has not determined whether these properties contain ore reserves that 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 from its exploration and evaluation properties and is considered to be in the exploration stage.

During the current year the Company completed a 3:1 share consolidation. All shares and per share amounts have been reported on a post-consolidated basis.

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 has not yet realized profitable operations, has relied on non-operational sources of financing to fund operations, has accumulated deficit of $18,344,627 and has working capital deficiency of $631,634 as at October 31, 2014. The Company's ability to continue as a going concern is dependent on its ability to obtain the necessary financing and to ultimately generate profitable operations. The Company must secure additional financing to fund its operations. These matters and conditions may cast significant doubt about the Company's ability to continue as a going concern.

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.

3. Basis of Preparation and Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 financial statements are presented in Canadian dollars, which is also the Company's functional currency. The functional currency of Star US is the US Dollar.

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

Going Concern

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

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency of the Company is the Canadian dollar, while the functional currency of Star US has been determined to be the US dollar, since all sales and the majority of expenses related to this operation occur in US dollars.

Treatment of lease

During the current year, the Company, through Star US, entered into a lease agreement on the placer gold operation in Montana (Note 7). The Company must make minimum lease payments for the term of the lease, and has been appointed the operator of the property. As a result, management has determined that this lease should be recorded as a finance lease.

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 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.

3. Basis of Preparation and Statement of Compliance – continued

Significant estimates made by management affecting the 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 exploration and evaluation assets 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.

4. Significant Accounting Policies

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly-owned subsidiary, Star US. All inter-company balances and transactions have been eliminated on consolidation.

4. Significant Accounting Policies - continued

Financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations. Financial assets and investments "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets and liabilities "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

The Company has classified its cash and investments as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's finance lease obligation and accounts payable and accrued liabilities are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, approximate carrying value due to their short terms to maturity, which is the amount payable on the statement of financial position. The Company's finance lease obligation has been recorded at amortized cost. The Company's other financial instruments, investments and cash are measured at fair value, under the fair value hierarchy, and are based on level one quoted prices in active markets for identical assets or liabilities. See Note 13 for disclosures on risks associated with financial instruments.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs related to the acquisition, exploration and evaluation of the property are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

4. Significant Accounting Policies - continued

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation asset, the excess is recognized in the statement of operations and comprehensive loss in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Future reclamation costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company’s estimates of reclamation costs, are charged to the statement of operations and comprehensive loss. For the years presented, the Company does not have any future reclamation costs.

Property, Plant and Equipment

Property, plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates:

Exploration and office equipment	20%
Computer hardware	55%

Mine assets are depreciated on a straight-line basis over the life of the lease.

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

4. Significant Accounting Policies - continued

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Impairment

At the end of each reporting period, the Company's non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash

Cash is comprised of cash on deposit and highly liquid short-term interest bearing investments, which are readily convertible into a known amount of cash and subject to insignificant risk of changes in value. As at October 31, 2014 and 2013, the Company had no cash equivalents.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

4. Significant Accounting Policies - continued

The Company recognizes share-based compensation expense based on the estimated fair value of the options granted. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and other equity reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services reserved by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined to be the Canadian dollar for Star, and the US dollar for Star US.

4. Significant Accounting Policies - continued

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions.

Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

The accounts of Star US are translated into Canadian dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income (loss).

Revenue recognition

Revenue from the sale of gold is recognized when the significant risks and rewards of ownership have passed to the buyer, and the sale price can be measured reliably and collectability can be reasonably assured. Revenues from gold sales are subject to adjustment upon final settlement of metal prices, weights, and assays. The Company records revenues based on quoted spot prices for the settlement period with adjustments for weights and assays on the final settlement date. Smelting, refining and marketing charges are netted against revenues received from gold sales.

Finance Lease

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the Company are considered finance leases. These are accounted for as an asset and an obligation. Finance lease obligations are recorded at the present value of the minimum lease payments. The discount rate used to determine the present value of the lease payments is the incremental borrowing rate of the Company. The finance obligation is accreted to fair value at year end and amortized over the life of the lease.

Comprehensive Loss

Comprehensive loss consists of net loss and other comprehensive income (loss) and represents the change in shareholders' equity that results from transactions and events from sources other than the Company's shareholders. The Company's translation of its subsidiary into Canadian dollars is the only item affecting comprehensive loss for the years presented.

4. Significant Accounting Policies - continued

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

Effective November 1, 2013, the following standards were adopted but have had no material impact on the financial statements.

- IAS 1 (Amendment): This standard is amended to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future.
- IFRS 7 (Amendment): This standard is amended to enhance disclosure requirements related to offsetting of financial assets and financial liabilities.
- IFRS 10: New standard to establish principles for the presentation and preparation of consolidated financial statements, effective for annual periods beginning on or after January 1, 2013
- IFRS 11: New standard to account for the rights and obligations in accordance with a joint agreement, effective for annual periods beginning on or after January 1, 2013.
- IFRS 12: New standard for the disclosure of interest in other entities not within the scope of IFRS 9 / IAS 39, effective for annual periods on or after January 1, 2013
- IFRS 13: New standard on the measurement and disclosure of fair value, effective for annual periods beginning on or after January 1, 2013
- IAS 27 (Amendment): As a result of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 27 deals solely with separate financial statements, effective for annual periods beginning on or after January 1, 2013
- IAS 28 (Amendment): New standard issued that supersedes IAS 28 (2003) to prescribe the application of the equity method to investments in associates and joint ventures, effective for annual periods beginning on or after January 1, 2013
- IAS 36 (Amendment): This standard is amended to clarify disclosure requirements for non-financial assets, effective for annual periods beginning on or after January 1, 2014

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2014. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014
- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015
- IFRS 9: New standard that replaced IAS 39 for classification and measurement
- IFRS 15: New standard that discusses revenue recognition in contracts, effective for annual periods beginning on or after January 1, 2017

(Expressed in Canadian Dollars)

5. Property, plant and equipment

Equipment consists of the following:

	Exploration and Office Equipment	Computer Hardware	Mine Asset	Total
Cost at October 31, 2012	$ 52,928	$ -	$ -	$ 52,928
Additions	12,034	5,427	-	17,461
Cost at October 31, 2013	$ 64,962	$ 5,427	$ -	$ 70,389
Additions, net of disposals	172,112	-	498,302	670,414
Cost at October 31, 2014	$ 237,074	$ 5,427	$ 498,302	$ 740,803
Accumulated depreciation at October 31, 2012	$ 42,580	$ -	$ -	$ 42,580
Depreciation	3,273	1,492	-	4,765
Accumulated depreciation at October 31, 2013	$ 45,853	$ 1,492	$ -	$ 47,345
Depreciation	12,970	1,961	10,146	25,077
Accumulated depreciation at October 31, 2014	$ 58,823	$ 3,453	$ 10,146	$ 72,422
Translation adjustment at October 31, 2013	$ -	$ -	$ -	$ -
Translation adjustment at October 31, 2014	$ (206)	$ -	$ (235)	$ (441)
Net book value at October 31, 2013	$ 19,109	$ 3,935	$ -	$ 23,044
Net book value at October 31, 2014	$ 178,045	$ 1,974	$ 487,421	$ 667,940

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets

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

	Anglo Rouyn	Black Lake	Collins Bay	Don's Lake	Fort a la Corne	Hoidas Lake	Trident Exploration	Other	Total
Balance October 31, 2012	**$ 181,537**	**$ 260,879**	**$ 860,982**	**$ -**	**$ 525,118**	**$ -**	**$ 629,361**	**$ 71,655**	**$ 2,529,532**
Administration fees	-	-	-	-	-	-	3,305	-	3,305
Geology	-	-	-	-	17,806	-	-	-	17,806
SEM Deposits	-	-	-	-	(73,891)	-	-	-	(73,891)
Impairment	-	-	-	-	-	-	-	(71,655)	(71,655)
Total additions for the year	-	-	-	-	(56,085)	-	3,305	(71,655)	(124,435)
Balance October 31, 2013	**$ 181,537**	**$ 260,879**	**$ 860,982**	**$ -**	**$ 469,033**	**$ -**	**$ 632,666**	**$ -**	**$ 2,405,097**
Acquisition costs	-	-	-	283,500	-	-	-	31,500	315,000
Administration fees	-	-	-	-	-	-	7,014	-	7,014
Consulting	-	-	-	-	-	-	-	-	-
Geology	-	-	-	-	2,861	214,542	-	-	217,403
Mining Permit Deposits	-	-	-	-	-	-	-	-	-
Impairment	(181,537)	(132,879)	(860,982)	(283,500)	(471,894)		(639,680)	(31,500)	(2,601,972)
Recovery	-	(82,000)	-	-	-	-	-	-	(82,000)
Total additions for the year	(181,537)	(214,879)	(860,982)	-	(469,033)	214,542	(632,666)	-	(2,144,555)
Balance October 31, 2014	**$ -**	**$ 46,000**	**$ -**	**$ -**	**$ -**	**$ 214,542**	**$ -**	**$ -**	**$ 260,542**

Cumulative Totals	Anglo Rouyn	Black Lake	Collins Bay	Don's Lake	Fort a la Corne	Hoidas Lake	Trident Exploration	Other	Total
Acquisition costs	$ 373	$ 3,112	$ 40,000	$ 283,500	$ 19,325	$ -	$ 100,000	$ 59,157	$ 505,467
Administration fees	1,506	225	-	-	-	-	21,597	100	23,428
Consulting	-	16,247	14,997	-	-	-	-	1,910	33,154
Drilling	152,035	371,536	730,170	-	354,762	-	1,107,937	211,669	2,928,109
Geology	27,623	-	75,395	-	99,034	214,542	40,361	-	456,955
Permits	-	199	420	-	3,056	-	-	-	3,675
Recovery	-	(82,000)	-	-	(4,282)	-	-	-	(86,282)
Impairment	(181,537)	(263,319)	(860,982)	(283,500)	(471,895)	-	(1,269,895)	(272,836)	(3,603,964)
Balance October 31, 2014	**$ -**	**$ 46,000**	**$ -**	**$ -**	**$ -**	**$ 214,542**	**$ -**	**$ -**	**$ 260,542**

(a) **Anglo Rouyn**

The Company holds a 50% interest in two mineral claims located in the vicinity of Stanley Mission in Northern Saskatchewan. The other 50% interest is held by Karoo Exploration Corp. (formerly United Uranium Corp.), a related party. Management has no current plans for this property and has written it off to the statement of operations and comprehensive loss.

6. Exploration and Evaluation Assets – continued

(b) **Black Lake**

The Company has 100% interest in two staked claims along the Northern rim of the Athabasca Basin, in the vicinity of Stony Rapids in Northern Saskatchewan. In the 2014 fiscal year the Company entered into a joint venture agreement with Lakeland Resources Inc. ("Lakeland"). Under the terms of the joint venture agreement, Lakeland has the right to earn a 100-per-cent interest in the two claims by making cash payments totaling $60,000 and issuing 600,000 common shares over a 12-month period. Star will retain the option of a 25-per-cent buyback for four times the exploration moneys spent by Lakeland to the date that the buyback option is exercised. The buyback option will be exercisable at any time up to a 90-day period following the completion and publication of an NI 43-101-compliant resource estimate. During the current year, Lakeland paid the Company $40,000 and issued 400,000 common shares (Note 12). Subsequent to year end the remaining $20,000 was paid and 200,000 additional common shares were issued valued at $26,000. Other than the agreement with Lakeland, the Company has no plans for this property and has written it down to $46,000, the value of consideration received subsequent to year end.

(c) **Collins Bay**

The Company acquired a 100% interest in a claim located in the vicinity of Collins Bay and Wollaston Lake, which is on the edge of the Athabasca Basin of Northern Saskatchewan. The terms of the purchase agreement include a 1% net smelter return which can be purchased by the Company for $1,000,000. Management has no current plans for this property and has written it off to the statement of operations and comprehensive loss.

(d) **Don's Lake**

The Company acquired an interest in a claim located in Northern Saskatchewan previously held by Shane Resources Ltd. ("Shane"), a related party. The terms of the purchase agreement included payment of $49,500 cash and issuance of 3,600,000 common shares of the Company, valued at $234,000 (Note 9). Management has no current plans for this property and has written it off to the statement of operations and comprehensive loss.

(e) **Fort à la Corne**

The Company has multiple claims within the Fort à la Corne region of Northern Saskatchewan. The Company holds a 100% interest in 9 of the claims and the remaining 10 claims are under joint venture where the Company holds a 50% interest with the other 50% interest being held by Karoo Exploration Corp. (formerly United Uranium Corp.), a related party. Management has no current plans for this property and has written it off to the statement of operations and comprehensive loss.

6. Exploration and Evaluation Assets – continued

(f) Hoidas Lake

During the year ended October 31, 2014, the Company has signed a joint venture agreement with Great Western Minerals Group Ltd. (“GWMG”) whereby Star has the right to acquire a 25-per-cent participating interest in the Hoidas Lake project by financing and completing a preliminary economic assessment report ("PEA”) in respect of the Hoidas Lake project by January 2016. The Hoidas Lake project is located in Northern Saskatchewan, within Saskatchewan’s Northern Mining District. Upon successfully exercising the first tranche and acquiring a 25-per-cent participating interest, Star will have the right to acquire an additional 26-per-cent participating interest in the Hoidas Lake project by financing and completing a bankable feasibility study in respect of the Hoidas Lake project within four years of the acquisition by Star of the initial 25-per-cent participating interest in the Hoidas Lake project, thereby giving Star a 51-per-cent ownership interest in the property.

(g) Trident Exploration

The Company has entered into a multi farm-out agreement with Trident Exploration Corp. (previously 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 earned a 50% interest in the drilling of two wells. During the 2011 fiscal year, the operator elected to abandon one of the wells. Management has no current plans for these wells, and as a result, the costs associated with that well were written off to operations.

(h) Other

Brownell Lake: The Company acquired a 100% interest in a claim in the Brownell Lake area of Northern Saskatchewan previously held by Shane, a related party. The terms of the purchase agreement included payment of $5,483.50 cash and issuance of 398,800 common shares of the Company, valued at $25,922 (Note 9). Management has no current plans for this property and has written it off to the statement of operations and comprehensive loss.

Golden Band NSR: The Company has acquired a 1% net smelter royalty granted by Golden Band Resources Inc. previously held by Shane, a related party. The terms of the purchase agreement included payment of $8.25 cash and issuance of 600 common shares of the Company, valued at $39 (Note 9). Management has no current plans for this property and has written it off to the statement of operations and comprehensive loss.

Munroe Lake: The Company has acquired a 1.6% interest in a claim in the Munroe Lake area of Northern Saskatchewan previously held by Shane Resources, a related party. The terms of the purchase agreement included payment of $8.25 cash and issuance of 600 common shares of the Company, valued at $39 (Note 9). Management has no current plans for this property and has written it off to the statement of operations and comprehensive loss.

Pistol Lake: The Company had a 100% interest in a claim in the Pistol Lake area of Northern Saskatchewan. The Company expended $25,602 on staking and a total of $79,881 on exploration of the claim. The claim lapsed on January 10, 2014 and the Company wrote off the entire project during the year ended October 31, 2013.

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets – continued

Povol Lake: The Company had a 100% interest in a claim in the Povol Lake area of Northern Saskatchewan. The Company expended $2,055 in acquisition costs and a total of $133,798 on exploration of the claim. The claim lapsed on August 7, 2013 and the Company wrote off the entire project during the year ended October 31, 2013.

7. Finance Lease

During the 2014 fiscal year, the Company entered into a 10 year lease agreement with a private group (the "Lessor") to lease certain mineral claims and assume management of the Casey-Snyder placer gold operation near Drummond, Montana. Under the terms of the agreement the Company will:

- Make an initial payment of US$35,000 (paid); and
- Pay the Lessor a 15% royalty on all gold produced from the Casey-Snyder operation with a minimum royalty payable of US$70,000 per year.

Star US will be the sole operator of the placer gold operations.

The finance lease has been recorded as follows:

	For the years ended October 31, 2014	2013
Balance, beginning of the year	$ -	$ -
Additions	552,337	-
Depreciation	(26,992)	-
Translation adjustment	(625)	-
Balance, end of the year	$ 524,720	$ -

The finance lease obligation has been recorded as follows:

	For the years ended October 31, 2014	2013
Balance, beginning of the year	$ -	$ -
Additions	552,337	-
Finance expense	24,367	
Payment	(38,290)	-
Translation adjustment	(323)	-
Balance, end of the year	$ 538,091	$ -
Less current portion	$ (75,271)	$ -
Non-current portion	$ 462,820	$ -

(Expressed in Canadian Dollars)

8. Flow-through Share Premium Liability

The Company periodically issues flow-through shares with any resulting flow-through premium recorded as a flow-through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow-through premium is recorded as other income.

A continuity of the flow-through share premium liability is as follows:

	For the years ended October 31, 2014	2013
Balance, beginning of the year	$ -	$ -
Liability incurred on flow-through shares issued	58,806	-
Settlement on flow-through share liability on expenditures made	(18,701)	-
Balance, end of the year	$ 40,105	$ -

9. 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.

On December 31, 2013 the Company completed a non-brokered private placement of 1,984,967 units at a price of $0.24 per unit for gross proceeds of $476,392. Each unit is comprised of three (3) flow-through shares, one (1) non flow-through share and one half of one (1/2) common share purchase warrant. The private placement involved the issue of 5,954,901 flow-through common shares valued at $357,294, 1,984,967 non flow-through common shares valued at $109,173 and 992,484 common share purchase warrants with a residual value of $9,925. Each warrant is exercisable for a period of two (2) years from the date of issuance at an exercise price of $0.09 for the first year and $0.105 for the second year. Commissions of $28,454 were paid to brokers. A flow-through share premium liability of $29,775 was recorded in connection with this financing.

On March 5, 2014 the Company closed an asset purchase agreement with Shane Resources Ltd., a related party, whereby the Company agreed to purchase claims held by Shane, as well as a 1% net smelter royalty granted by Golden Band Resources Inc. Under the terms of the agreement, the Company paid $55,000 in cash and issued 4,000,000 common shares valued at $260,000.

On July 31, 2014 the Company closed the first tranche of a non-brokered private placement offering of 246,200 units at a price of $0.30 per unit for gross proceeds of $73,860. Each unit is comprised of two (2) flow-through shares, three (3) non flow-through shares and two (2) common share purchase warrants. This tranche of the private placement involved the issue of 492,400 flow-through common shares valued at $29,544, 738,600 non flow-through common shares valued at $29,544 and 492,400 common share purchase warrants with a residual value of $14,772. Each warrant is exercisable for a period of two (2) years from the date of issuance at an exercise price of $0.10. A flow-through share premium liability of $9,848 was recorded in connection with this financing.

9. Capital Stock and Other Equity Reserve – continued

On August 19, 2014 the Company closed the second tranche of a non-brokered private placement offering of 288,333 units at a price of $0.30 per unit for gross proceeds of $86,500. Each unit is comprised of two (2) flow-through shares, three (3) non flow-through shares and two (2) common share purchase warrants. This tranche of the private placement involved the issue of 576,666 flow-through common shares valued at $34,600, 864,999 non flow-through common shares valued at $34,600 and 576,666 common share purchase warrants with a residual value of $17,300. Each Warrant is exercisable for a period of two (2) years from the date of issuance at an exercise price of $0.10. A flow-through share premium liability of $11,533 was recorded in connection with this financing.

On September 12, 2014 the Company closed the final tranche of a non-brokered private placement offering of 153,000 units at a price of $0.30 per unit for gross proceeds of $45,900. Each unit is comprised of two (2) flow-through shares, three (3) non flow-through shares and two (2) common share purchase warrants. This tranche of the private placement involved the issue of 306,000 flow-through common shares valued at $18,360, 459,000 non flow-through common shares valued at $16,065 and 306,000 common share purchase warrants with a residual value of $11,475. Each warrant is exercisable for a period of two (2) years from the date of issuance at an exercise price of $0.10. A flow-through share premium liability of $7,650 was recorded in connection with this financing.

On October 20, 2014 the Company issued 1,000,000 common shares from treasury valued at $25,000 in lieu of US$29,099 of debt. This resulted in a gain of settlement of debt of $4,484 included in the statement of operations and comprehensive loss.

During the year ended October 31, 2014, the Company issued 100,000 warrants valued at $2,383 for promotion services. The warrants are exercisable at $0.06 until February 14, 2016. These warrants were valued using the Black-Scholes option pricing model, using a volatility of 99%, expected life of 2 years, risk free rate of 1.01% and expected dividend yield of 0%.

As at October 31, 2014, the Company had 38,862,618 common shares outstanding.

The Company did not issue any shares during the year ended October 31, 2013.

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.

(Expressed in Canadian Dollars)

9. Capital Stock and Other Equity Reserve – continued

A summary of the Company's outstanding stock options as at October 31, 2014 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding October 31, 2012	1,150,000	$ 0.45
Expired	(150,000)	1.44
Forfeited	(500,000)	0.30
Outstanding and exercisable October 31, 2013	500,000	$ 0.30
Granted	2,100,000	0.08
Expired	(166,667)	0.30
Outstanding and exercisable, October 31, 2014	2,433,333	$ 0.11

Number of Shares Under Option	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
333,333	333,333	$ 0.30	5.33	February 29, 2020
2,100,000	2,100,000	$ 0.08	4.28	February 11, 2019
2,433,333	2,433,333			

Options Granted

The options granted during the year were valued at $81,917 (2013 - $Nil).

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the following weighted average grant date fair values:

	October 31, 2014	October 31, 2013
Expected stock price volatility	119%	-
Expected life of options	5	-
Risk free interest rate	1.63%	-
Expected dividend yield	0%	-
Forfeiture rate	0%	-
Weighted average fair value per option granted in the year	$0.039	-

(Expressed in Canadian Dollars)

9. Capital Stock and Other Equity Reserve – continued

Warrants

A summary of the Company's outstanding warrants as at October 31, 2014 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding October 31, 2012 and 2013	-	$ -
Issued	2,467,550	0.09
Outstanding October 31, 2014	2,467,550	$ 0.09

Number of Warrants	Exercise Price	Remaining life (years)	Expiry Date
992,484	$ 0.10[1]	1.17	December 31, 2015
100,000	$ 0.06	1.29	February 14, 2016
492,400	$ 0.10	1.75	July 31, 2016
576,666	$ 0.10	1.80	August 29, 2016
306,000	$ 0.10	1.87	September 12, 2016
2,467,550			

(1) Average exercise price – exercisable at $0.09 for the first year and $0.105 for the second year.

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

Other Equity Reserve

	Options and agent warrants	**Finance warrants**	**Total**
Balance, October 31, 2012 and 2013	$ 628,380	$ -	$ 628,380
Warrants issued on private placement	-	53,472	53,472
Fair value of warrants issued for promotion services	2,383	-	2,383
Share-based payment	81,917	-	81,917
Balance, October 31, 2014	**$ 712,680**	**$ 53,472**	**$ 766,152**

(Expressed in Canadian Dollars)

10. Income Taxes

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	For the years ended October 31, 2014	October 31, 2013
Loss before income taxes	$ (3,588,968)	$ (653,316)
Expected income tax expense (recovery)	$ (933,000)	$ (167,000)
Changes in statutory rates and other	(28,000)	(20,000)
Permanent difference	19,000	-
Impact of flow-through shares	58,000	-
Share issuance costs	(7,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	253,000	-
Changes in unrecognized deductible temporary difference	638,000	187,000
Total deferred tax expense (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets and liabilities that have not been included on the financial statements are as follows:

Deferred Tax Assets (Liabilities)	**October 31, 2014**	**October 31, 2013**
Exploration and evaluation assets	$ 780,000	$ 141,000
Allowable capital losses	12,000	12,000
Non-Capital losses	525,000	533,000
Property, plant and equipment	2,000	-
Share issuance costs	6,000	-
	1,325,000	686,000
Unrecognized deferred tax assets	(1,325,000)	(686,000)
Net deferred tax assets	$ -	$ -

(Expressed in Canadian Dollars)

10. Income Taxes – continued

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the statement of financial position are as follows:

	October 31, 2014	Expiry dates	October 31, 2013	Expiry dates
Exploration & evaluation assets	$ 2,826,000	No expiry	$ 374,000	No expiry
Investment tax credit	59,000	2031-2034	59,000	2020-2033
Property, plant and equipment	8,000	No expiry	2,000	No expiry
Allowable capital losses	46,000	No expiry	46,000	No expiry
Non-capital losses available for future periods	1,940,000	No expiry	2,051,000	2014-2032
Share issuance costs	23,000	2035-2038	-	N/A

11. Related Party Transactions

Related parties and related party transactions impacting the accompanying financial statements are summarized.

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:

	For the year ended October 31,	
	2014	2013
Short-term benefits*	$ 331,421	$ 317,090
Share-based payments	81,917	-
	$ 413,338	**$ 317,090**

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

As at October 31, 2014, accounts payable and accrued liabilities includes $122,899 (October 31, 2012 - $Nil) due to related parties.

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

(Expressed in Canadian Dollars)

11. Related Party Transactions – continued

Other related parties

Related parties include Shane Resources Ltd. and Karoo Exploration Corp. (formerly United Uranium Corp.), which share a common director with the Company. Paradigm Portfolio Management Corp. is owned by a director of the Company.

Transactions entered into with related parties other than key management personnel not disclosed elsewhere in these statements include the following:

	For the year ended October 31, 2014	2013
Premise and office expenses paid or accrued to Paradigm Portfolio Management Corp.	$ -	$ 7,782
Capital assets purchased from Paradigm Portfolio Management Corp.	-	5,775
Premise and office expenses paid or accrued to Shane Resources Ltd.	-	3,667
	$ -	$ 17,224

During the year ended October 31, 2014, the Company closed an asset purchase agreement with Shane Resources Ltd., a related party, whereby the Company agreed to purchase assets held by Shane for payment of $55,000 in cash and issue of 4,000,000 common shares valued at $260,000 (Note 6(d), (h)).

12. Investments

On November 27, 2013 the Company acquired 400,000 shares of Lakeland Resources Inc. under terms of a joint venture agreement (Note 6(b)).

Balance, October 31, 2012 and 2013	$ -
Cost of additions	42,000
Loss on revaluation	(20,000)
Balance, October 31, 2014	$ 22,000

13. 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.

The Company's receivables consist of GST receivable due from the government of Canada and a receivable from gold sales by Star US, which was received subsequent to year end. As a result, 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 does have sufficient cash resources to meet its current obligations, and will need to source additional sources of financing.

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 October 31, 2014, the Company's expenditures are predominantly in Canadian dollars, while Star US revenues and expenditures are in US dollars. Any future equity raised is expected to be predominantly in Canadian dollars.

(Expressed in Canadian Dollars)

13. Financial and Capital Risk Management - continued

The amount of foreign currency denominated financial assets and liabilities are as follows:

	October 31, 2014 US $
Cash	2,791
Receivables	34,998
Accounts payable and accrued liabilities	(190,608)
Net financial liability	(152,819)

If the Canadian dollar strengthened or weakened by 10% against the US dollar at October 31, 2014 the Company's comprehensive loss for the year would have increased or decreased by approximately $17,100.

c) Price risk

The Company maintains investments in publicly listed companies. The Company's exposure as at October 31, 2014 is $22,000. 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.

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 year.

(Expressed in Canadian Dollars)

14. Segment Information

The Company operates in two reportable and operating segments, being the acquisition, exploration and evaluation of mineral resources in Canada and a placer gold operation in the United States.

The Company's total revenues, assets, liabilities, depreciation, share-based payments, and interest expense located within its geographic segments of Canada and the United States are as follows:

Revenues:

	2014	2013
Canada	$ -	$ -
United States	177,711	-
	$ 177,711	$ -

Assets:

	2014	2013
Canada	$ 334,296	$ 3,018,155
United States	1,228,726	-
	$ 1,563,022	$ 3,018,155

Liabilities:

	2014	2013
Canada	$ 353,041	$ 47,871
United States	818,040	-
	$ 1,171,081	$ 47,871

Depreciation:

	2014	2013
Canada	$ 6,191	$ 4,765
United States	45,878	-
	$ 52,069	$ 4,765

Share-based payments:

	2014	2013
Canada	$ 81,917	$ -
United States	-	-
	$ 81,917	$ -

Finance Expense:

	2014	2013
Canada	$ -	$ -
United States	24,367	-
	$ 24,367	$ -

15. Supplemental disclosure with respect to cash flow

The non-cash transactions during the period ended October 31, 2014 that affected cash flows from investing and financing activities were:

a) The issuance of shares valued at $260,000 for exploration and evaluation assets,
b) The issuance of shares valued at $25,000 for debt settlement, and
c) Receipt of shares from Lakeland Resources Inc. valued at $42,000 for its exploration and evaluation assets.

As at October 31, 2014, $119,238 (October 31, 2013 - $Nil) of exploration and evaluation assets are included in accounts payable and accrued liabilities and US$97,245 (October 31, 2013 - $Nil) of property, plant and equipment included in accounts payable and accrued liabilities.

There were no non-cash transactions affecting cash flows from investing and financing activities during the year ended October 31, 2013.

16. Commitment and Contingencies

The Company entered into a lease agreement for its office premises. The lease expired on June 30, 2014. The Company has renewed the lease for a further one year term, expiring on June 30, 2015. The lease commitment for 2014 is $5,245 and $18,357 for 2015.

The Company and the Lessor of the finance lease (Note 7) are currently in dispute about potential amounts owed to the Lessor. The Company believes there are no amounts payable to the Lessor, and has not accrued any amount as at October 31, 2014. When the dispute is settled, the settlement amount, if any, will be recorded.

17. Subsequent Events

On December 4, 2014 the Company announced the signing of a Memorandum of Understanding (MOU) with Cooperative Mineral Resources LLC (“CMR”) of Brainerd, Minnesota and Octopus Technologies Inc. (“OTI”) of Vancouver, BC to cooperate on developing a mine-to-market manganese-based battery technology.

On December 9, 2014 the Company signed a multi-party agreement to participate in a research project aimed at recovering rare earth elements, precious metals and other critical materials from geothermal brines using advanced sorbent structures. The Company’s contribution will be US$150,000 over a 2-year period along with consulting time.