Star Minerals Group Ltd.
Star Minerals Group US LLC

Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2015

(Expressed in Canadian Dollars)

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

Notice of no auditor review of condensed interim consolidated financial statements.

These condensed interim consolidated financial statements for the three months ended January 31, 2015 have been compiled by management. These financial statements, along with the accompanying notes, have been reviewed and approved by the members of the Company's audit committee.

In accordance with Canadian Securities Administrators National Instrument 51-102, the Company discloses that these unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors

STAR MINERALS GROUP LTD.

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

	January 31, 2015	October 31, 2014
ASSETS		
Current		
Cash	$ 3,171	$ 3,443
Receivables	16,473	47,275
Prepaid expenses	8,562	25,909
	28,206	76,627
Non-current		
Property, plant and equipment (Note 5)	840,108	667,940
Exploration and evaluation assets (Note 6)	228,542	260,542
Long term deposits	12,711	11,193
Finance lease (Note 7)	533,158	524,720
Investments (Note 11)	33,150	22,000
	$ 1,675,875	$ 1,563,022
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 684,354	$ 592,885
Finance lease obligation (current) (Note 7)	85,480	75,271
Flow-through share premium liability (Note 8)	40,105	40,105
	809,939	708,261
Non-current		
Finance lease obligation (non-current) (Note 7)	525,588	462,820
	1,335,527	1,171,081
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)	17,924,483	17,924,483
Other equity reserve (Note 9)	766,152	766,152
Accumulated other comprehensive income	102,548	45,933
Deficit	(18,452,835)	(18,344,627)
	340,348	391,941
	$ 1,675,875	$ 1,563,022

Nature of Operations (Note 1)
Going Concern (Note 2)
Commitment and Contingencies (Note 15)

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

Approved and authorized by the Board of Directors on March 25, 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 three months ended	
	January 31, 2015	**January 31, 2014**
Revenue	$ 127,397	$ -
Operating Expenses		
Bank fees	1,514	78
Consulting	3,103	2,485
Depreciation of property, plant and equipment (Note 5)	32,620	1,545
Depreciation of finance lease (Note 7)	57,558	-
Filing fees	1,575	9,086
Insurance	4,451	4,116
Management fees (Note 10)	114,733	59,311
Meals and entertainment	607	242
Office expense	3,116	2,022
Premises expense	10,674	8,912
Professional fees	5,867	39,224
Property examination	10,934	8,868
Share-based payments (Note 9 and 10)	-	-
Transfer agent	677	7,396
Travel and promotion	3,298	5,173
Finance income	-	(386)
Gain on sale of investment	(4,890)	-
Foreign exchange loss	(2,392)	-
Gain on revaluation of investment (Note 11)	(7,840)	(46,000)
	(235,605)	(102,072)
Loss for the period	**(108,208)**	**(102,072)**
Translation adjustment	56,615	-
Comprehensive loss for the period	**$ (51,593)**	**$ (102,072)**
Loss per share – basic and diluted	**$ (0.003)**	**$ (0.003)**
Weighted average common shares	**38,862,618**	**30,424,953**

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

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

		January 31, 2015		January 31, 2014
Cash flows used in operating activities				
Loss for the year	$	(108,208)	$	(102,072)
Items not involving cash:				
Depreciation of property, plant and equipment		32,620		1,545
Loss (gain) on revaluation of investments		(7,840)		(46,000)
Depreciation of finance lease		57,558		-
Non-cash working capital item changes:				
Receivables		18,091		8,266
Prepaid expenses		17,346		4,195
Accounts payable and accrued liabilities		67,194		849
		76,761		(133,217)
Cash flows used in investing activities				
Proceeds from sale of exploration and evaluation assets		32,000		40,000
Exploration and evaluation assets		(172,168)		(6,738)
Acquisition of property, plant and equipment		-		(571)
Gain on sale of investment		4,890		-
		(135,278)		32,691
Cash flows provided by financing activities				
Issuance of shares and warrants		-		476,392
Share issuance costs		-		(25,404)
		-		450,988
Decrease in cash		(58,517)		350,462
Effect of foreign currency exchange		58,245		-
Cash, beginning of period		3,443		565,252
Cash, end of period	$	3,171	$	915,714

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED JANUARY 31, 2015 AND 2014

(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, 2013	**22,485,085**	**$ 17,097,563**	**$ 628,380**	**$ -**	**($14,755,659)**	**$ 2,970,284**
Shares issued	7,939,868	476,392	-	-		476,392
Share issue costs		(25,404)	-	-		(25,404)
Loss for the period	-	-	-	-	(102,072)	(102,072)
Balance Jan 31, 2014	**30,424,953**	**$ 17,548,551**	**$ 628,380**	**$ -**	**($14,857,731)**	**$ 3,319,200**

	Number of Shares	Capital Stock	Other Equity Reserve (Note 9)	Accumulated Other Comprehensive Income	Deficit	Total Shareholder Equity
Balance Oct 31, 2014	**38,862,618**	**$ 17,924,483**	**$ 766,152**	**$ 45,933**	**($18,344,627)**	**$ 391,941**
Foreign translation adjustment	-	-	-	56,615	-	56,615
Loss for the period	-	-	-	-	(108,208)	(108,208)
Balance Jan 31, 2015	**38,862,618**	**$ 17,924,483**	**$ 766,152**	**$ 102,548**	**($18,452,835)**	**$ 340,348**

The accompanying notes are an integral part of the condensed interim 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").

The Company has 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 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.

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 $18,452,835 and has working capital deficiency of $781,733 as at January 31, 2015. These conditions may cast doubt on the validity of the going concern assumption. 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.

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.

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, 2014 annual financial statements.

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

The Company, through Star US, has 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.

3. Basis of Preparation and Statement of Compliance – continued

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.

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

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the year ended October 31, 2014, and have been consistently followed in the preparation of these condensed interim financial statements.

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. Equipment

Equipment consists of the following:

	Exploration and Office Equipment	Computer Hardware	Mine Asset	Total
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
Additions	23,259	-	186,698	209,957
Cost at January 31, 2015	$ 260,333	$ 5,427	$ 685,000	$ 950,760
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
Depreciation	20,717	1,085	10,818	32,620
Accumulated depreciation at January 31, 2015	$ 79,540	$ 4,539	$ 20,964	$ 105,043
Translation adjustment at October 31, 2014	$ (206)	$ -	$ (235)	$ (441)
Translation adjustment at January 31, 2015	$ (2,995)	$ -	$ (2,614)	$ (5,609)
Net book value at October 31, 2014	$ 178,045	$ 1,974	$ 487,921	$ 667,940
Net book value at January 31, 2015	$ 177,798	$ 888	$ 661,422	$ 840,108

(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, 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
Geology	-	-	-	-	2,861	214,542	-	-	217,403
SEM Deposits	-	-	-	-	-	-	-	-	-
Recovery	-	(82,000)	-	-	-	-	-	-	(82,000)
Impairment	(181,537)	(132,879)	(860,982)	(283,500)	(471,894)	-	(639,680)	(31,500)	(2,601,972)
Total additions for the year	(181,537)	(214,879)	(860,982)	-	(469,033)	214,542	(632,666)	-	(2,144,555)
Balance October 31, 2014	**$ 0**	**$ 46,000**	**$ 0**	**$ -**	**$ 0**	**$ 214,542**	**$ -**	**$ -**	**$ 260,542**
Acquisition costs	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Geology	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Recovery	-	(32,000)	-	-	-	-	-	-	(32,000)
Total additions for the period	-	(32,000)	-	-	-	-	-	-	(32,000)
Balance January 31, 2015	**$ -**	**$ 14,000**	**$ -**	**$ -**	**$ -**	**$ 214,542**	**$ -**	**$ -**	**$ 228,542**

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	-	(114,000)	-	-	(4,282)	-	-	-	(118,282)
Impairment	(181,537)	(263,319)	(860,982)	(283,500)	(471,895)	-	(1,269,895)	(272,836)	(3,603,964)
Balance January 31, 2015	**$ -**	**$ 14,000**	**$ -**	**$ -**	**$ -**	**$ 214,542**	**$ -**	**$ -**	**$ 228,542**

(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 the Company wrote off the entire project during the year ended October 31, 2014.

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. In 2014, Lakeland paid the Company $40,000 and issued 400,000 common shares and in this current period Lakeland has paid the Company a further $20,000 and issued 200,000 common shares (Note 11). Other than the agreement with Lakeland, the Company has no plans for this property.

(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 the Company wrote off the entire project during the year ended October 31, 2014.

(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 the Company wrote off the entire project during the year ended October 31, 2014.

(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 the Company wrote off the entire project during the year ended October 31, 2014.

(f) **Hoidas Lake**

The Company has entered into 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.

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets – continued

(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 the Company wrote off the entire project during the year ended October 31, 2014.

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 the Company wrote off the entire project during the year ended October 31, 2014.

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 the Company wrote off the entire project during the year ended October 31, 2014.

7. Finance Lease

The Company has 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 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 periods ended January 31, 2015	2014
Balance, beginning of the period	$ 524,720	$ -
Additions	-	-
Depreciation	(57,558)	-
Translation adjustment	65,996	-
Balance, end of the period	$ 533,158	$ -

(Expressed in Canadian Dollars)

7. Finance Lease – continued

The finance lease obligation has been recorded as follows:

	For the periods ended January 31, 2015	2014
Balance, beginning of the period	$ 538,091	$ -
Additions	-	-
Finance expense	-	
Translation adjustment	72,977	-
Balance, end of the period	$ 611,068	$ -
Less current portion	$ (85,480)	$ -
Non-current portion	$ 525,588	$ -

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 periods ended January 31, 2015	2014
Balance, beginning of the period	$ 40,105	$ -
Liability incurred on flow-through shares issued	-	-
Settlement on flow-through share liability on expenditures made	-	-
Balance, end of the period	$ 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.

The Company issued 16,377,533 shares during the year ended October 31, 2014. As at October 31, 2014 and January 31, 2015, the Company had 38,862,618 common shares outstanding.

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 January 31, 2015 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding 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
Granted	-	-
Expired	-	-
Outstanding and exercisable, January 31, 2015	2,433,333	$ 0.11

Number of Shares Under Option	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
333,333	333,333	$ 0.30	5.08	February 29, 2020
2,100,000	2,100,000	$ 0.08	4.03	February 11, 2019
2,433,333	2,433,333			

Options Granted

The Company granted 2,100,000 stock options valued at $81,917 during the year ended October 31, 2014. During the period ended January 31, 2015 the Company did not grant any stock options.

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:

	January 31, 2015	October 31, 2014
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

The Company issued 2,467,440 warrants during the year ended October 31, 2014. During the period ended January 31, 2015 the Company did not issue any warrants.

A summary of the Company's outstanding warrants as at January 31, 2015 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding October 31, 2014	2,467,550	$ 0.09
Issued	-	-
Outstanding January 31, 2015	2,467,550	$ 0.09

Number of Warrants	Exercise Price	Remaining life (years)	Expiry Date
992,484	$ 0.10[(1)]	0.92	December 31, 2015
100,000	$ 0.06	1.04	February 14, 2016
492,400	$ 0.10	1.50	July 31, 2016
576,666	$ 0.10	1.58	August 29, 2016
306,000	$ 0.10	1.61	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.

Other Equity Reserve

	Options and agent warrants	**Finance warrants**	**Total**
Balance, October 31, 2014	$ 712,680	$ 53,472	$ 766,152
Share-based payment	-	-	-
Balance, January 31, 2015	**$ 712,680**	**$ 53,472**	**$ 766,152**

(Expressed in Canadian Dollars)

10. 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:

	For the period ended January 31, 2015	2014
Short-term benefits*	$ 125,667	$ 54,750
Share-based payments	-	-
	$ 125,667	**$ 54,750**

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

As at January 31, 2015, accounts payable and accrued liabilities includes $200,244 (January 31, 2014 - $Nil) due to related parties.

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

11. Investments

During the previous fiscal the Company acquired 400,000 shares of Lakeland Resources Inc., and on November 1, 2014 the Company acquired a further 200,000 shares, under terms of a joint venture agreement (Note 6(b)). During this period 158,000 shares were sold to market. At January 31, 2015 there were 442,000 shares held which were revalued at $0.075.

Balance, October 31, 2014	$	22,000
Cost of additions		12,000
Sale of shares		(8,690)
Gain on revaluation		7,840
Balance, January 31, 2015	$	33,150

12. 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 January 31, 2015, 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)

12. Financial and Capital Risk Management - continued

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

	January 31, 2015 US $
Cash	2,645
Accounts payable and accrued liabilities	(209,589)
Net financial liability	(207,124)

If the Canadian dollar strengthened or weakened by 10% against the US dollar at January 31, 2015 the Company's comprehensive loss for the year would have increased or decreased by approximately $26,300.

c) Price risk

The Company maintains investments in publicly listed companies. The Company's exposure as at January 31, 2015 is $33,150. 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 period.

(Expressed in Canadian Dollars)

13. 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 for the period are as follows:

Revenues:

	2015	2014
Canada	$ -	$ -
United States	127,397	-
	$ 127,397	$ -

Assets:

	2015	2014
Canada	$ 300,015	$ 3,367,920
United States	1,375,860	-
	$ 1,675,875	$ 3,367,920

Liabilities:

	2015	2014
Canada	$ 458,051	$ 48,720
United States	877,476	-
	$ 1,335,527	$ 48,720

Depreciation:

	2015	2014
Canada	$ 4,175	$ 1,545
United States	86,003	-
	$ 90,178	$ 1,545

Share-based payments:

	2015	2014
Canada	$ -	$ -
United States	-	-
	$ -	$ -

Finance Expense:

	2015	2014
Canada	$ -	$ -
United States	-	-
	$ -	$ -

14. Supplemental disclosure with respect to cash flow

The non-cash transactions during the period ended January 31, 2015 that affected cash flows from investing and financing activities were:

a) Receipt of 200,000 shares from Lakeland Resources Inc. valued at $12,000 for its exploration and evaluation assets.

As at January 31, 2015, $119,238 (January 31, 2014 - $Nil) of exploration and evaluation assets are included in accounts payable and accrued liabilities and US$97,245 (January 31, 2014 - $Nil) of property, plant and equipment included in accounts payable and accrued liabilities.

15. 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 2015 is $13,113.