



CONDENSED INTERIM FINANCIAL STATEMENTS
(Presented in United States (“US”) Dollars)
(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Star Royalties Ltd. have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

STAR ROYALTIES LTD.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Presented in US Dollars)

(Unaudited)

As At

	March 31, 2021	December 31, 2020
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 15,104,337	\$ 1,988,993
Receivables (Note 5)	377,334	164,017
Prepaid and other (Note 6)	<u>72,939</u>	<u>120,106</u>
	15,554,610	2,273,116
Non-current		
Royalty and stream interests (Note 7)	<u>16,194,198</u>	<u>10,346,424</u>
	<u>\$ 31,748,808</u>	<u>\$ 12,619,540</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	<u>\$ 380,971</u>	<u>\$ 134,835</u>
	380,971	134,835
Shareholders' equity		
Share capital (Note 10)	29,637,748	12,786,743
Contributed surplus	3,048,893	144,716
Accumulated other comprehensive income (Note 10)	517,532	459,289
Deficit	<u>(1,836,336)</u>	<u>(906,043)</u>
	<u>31,367,837</u>	<u>12,484,705</u>
	<u>\$ 31,748,808</u>	<u>\$ 12,619,540</u>

Subsequent events (Note 14)

Approved on behalf of the Board of Directors

"Alexandre Pernin"
Alexandre Pernin

Director

"Kylie Dickson"
Kylie Dickson

Director

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

STAR ROYALTIES LTD.

CONDENSED INTERIM STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS

(Presented in US Dollars)

(Unaudited)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Revenue		
Royalty income	\$ 146,072	\$ -
Costs of sales		
Depletion	(107,679)	-
Gross profit	<u>38,393</u>	<u>-</u>
Expenses		
Marketing and shareholder communications	40,926	-
Management compensation (Note 9)	221,291	78,280
Office and miscellaneous	15,922	2,093
Professional fees	285,160	6,996
Share-based compensation (Note 9 and 10)	354,155	-
Transfer agent and filing fees	<u>41,776</u>	<u>1,604</u>
Total operating expenses	<u>(959,230)</u>	<u>(88,973)</u>
Other income/(loss)		
Interest income	3,985	-
Foreign exchange loss	<u>(13,441)</u>	<u>-</u>
Net loss	<u>(930,293)</u>	<u>(88,973)</u>
Other comprehensive income (loss)		
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences	<u>58,714</u>	<u>(81,574)</u>
Total other comprehensive income (loss)	58,714	(81,574)
Total comprehensive loss	<u>\$ (872,050)</u>	<u>\$ (170,547)</u>
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	49,346,366	7,143,318

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

STAR ROYALTIES LTD.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Presented in US Dollars)

(Unaudited)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (930,293)	\$ (88,973)
Items not affecting cash:		
Depletion	107,679	-
Foreign exchange loss	13,441	-
Share-based compensation	354,155	-
Non-cash working capital items changes:		
Accounts payable and accrued liabilities	243,136	52,191
Prepaid and other	48,344	(9,145)
Receivables	<u>(210,151)</u>	<u>(13,190)</u>
Net cash used in operating activities	<u>(373,689)</u>	<u>(59,117)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of royalty and stream interests	<u>(6,008,911)</u>	<u>(706)</u>
Net cash used by investing activities	<u>(6,008,911)</u>	<u>(706)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares (Note 10)	18,379,529	1,424,547
Proceeds from issuance of warrants (Note 10)	2,772,665	-
Share issuance costs (Note 10)	(1,758,343)	(63,592)
Exercise of warrants (Note 10)	5,799	-
Repurchase of shares (Note 10)	<u>-</u>	<u>(292,383)</u>
Net cash provided by financing activities	<u>19,399,650</u>	<u>1,068,572</u>
Change in cash and cash equivalents for the period	13,017,050	1,008,749
Effect of exchange rate changes on cash and cash equivalents	98,294	(66,906)
Cash and cash equivalents, beginning of period	<u>1,988,993</u>	<u>396,916</u>
Cash and cash equivalents, end of period	<u>\$ 15,104,337</u>	<u>\$ 1,338,759</u>

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

STAR ROYALTIES LTD.**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Presented in US Dollars)

(Unaudited)

Share Capital									
	Number (Note 9)	Amount	Subscriptions received in advance	Contributed surplus	Accumulated other comprehensive income	Deficit	Total		
Balance, December 31, 2019	7,833,334	\$ 484,033	\$ 210,530	\$ -	\$ 7,669	\$ (106,150)	\$ 596,082		
Shares re-purchased related to acquisition of royalty interests	(2,833,333)	(292,383)	-	-	-	-	(292,383)		
Share cancellation	(2,500,000)	-	-	-	-	-	-		
Private placement	5,905,389	1,635,077	(210,530)	-	-	-	1,424,547		
Share issuance costs	-	(63,592)	-	-	-	-	(63,592)		
Loss and other comprehensive loss	-	-	-	-	(81,574)	(88,973)	(170,547)		
Balance, March 31, 2020	8,405,390	\$ 1,763,135	\$ -	\$ -	\$ (73,905)	\$ (195,123)	\$ 1,494,107		
Balance, December 31, 2020	33,018,137	\$ 12,786,743	\$ -	\$ 144,716	\$ 459,289	\$ (906,043)	\$ 12,484,705		
Private placement	38,055,500	18,379,529	-	2,773,665	-	-	21,153,194		
Share issuance costs	-	(1,534,786)	-	(223,557)	-	-	(1,710,611)		
Exercise of warrants	7,200	6,262	-	(463)	-	-	5,799		
Share-based compensation	-	-	-	354,532	-	-	354,532		
Loss and other comprehensive loss	-	-	-	-	58,243	(930,293)	(919,782)		
Balance, March 31, 2021	71,080,837	\$ 29,637,748	\$ -	\$ 3,048,893	\$ 517,532	\$ (1,836,336)	\$ 31,367,837		

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

STAR ROYALTIES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Presented in US Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

1. NATURE AND CONTINUANCE OF OPERATIONS

Star Royalties Ltd. (formerly Oxford Royalties Ltd.) (the “Company”) was incorporated in Canada under the Canada Business Corporations Act on February 15, 2018. The Company changed its name on January 24, 2020. The Company is a precious metals royalty and streaming investment company. The head office, records office, and principal address of the Company is 902-18 King Street East, Toronto, Ontario, M5C 1C4. The Company listed its common shares and warrants on the TSX Venture Exchange in February 2021 under the symbols “STRR” and STRR.WT”, respectively.

In February 2021, the Company completed its initial public offering (“IPO”) and issued 34,286,000 units of the Company at a price of CAD\$0.70 per unit, as described in Note 9, and commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol “STRR”. As a result of the proceeds generated from the IPO as well as the cash that was on hand March 31, 2021, the Company believes that it is in a position to meet its obligations and other commitments in normal course.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on May 26, 2021.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The full extent and impact of the COVID-19 pandemic is unknown and to date has included volatility in financial markets, a slowdown in economic activity and volatility in commodity prices. The Company completed a review of all operations on which the Company holds royalty, stream and other interests to identify the impacts of COVID-19. Based on the review COVID-19 was not considered to have a material impact on any of the Company’s investments and as such at March 31, 2021, the Company has not recorded any adjustments directly attributable to the COVID-19 pandemic.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”.

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2020. The accounting policies applied in preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company’s audited financial statements for the year ended December 31, 2020. In addition, the Company adopted the following accounting policy in relation to share-based compensation:

Share-based compensation

The Company grants share-based awards in the form of stock options and restricted share units (“RSUs”). The stock options and RSUs are equity-settled awards. The Company determines the fair value of the awards on the date of grant. This fair value is expensed to the statement of earnings using a graded vesting attribution method over the vesting period of the awards, with a corresponding credit to contributed surplus. When the share options or share units

STAR ROYALTIES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

2. BASIS OF PREPARATION (CONTINUED)

are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjusts the total expense to be recognized over the vesting period.

(b) Basis of measurement

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at their fair value as set out in the accounting policies in Note 3 of the audited annual financial statements.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Significant Accounting Judgments and Estimates

The preparation of these condensed interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

In preparing these condensed interim financial statements, the Company applied the significant accounting judgements and estimates as disclosed in Note 2 of the audited financial statements for the year ended December 31, 2020.

4. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020
Cash	\$ 13,956,692	\$ 856,094
Guaranteed investment certificates	<u>1,147,645</u>	<u>1,132,899</u>
Total	<u>\$ 15,104,337</u>	<u>\$ 1,988,993</u>

5. RECEIVABLES

	March 31, 2021	December 31, 2020
Goods and service tax ("GST") receivable	\$ 231,262	\$ 153,710
Royalty receivable	<u>146,072</u>	<u>10,307</u>
Total	<u>\$ 377,334</u>	<u>\$ 164,017</u>

Subsequent to the three months ended March 31, 2021, the Company received royalty receivable of \$146,072 and GST refund of \$152,140 (CAD \$191,559) relating to 2019 and 2020 taxation years.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

6. PREPAID AND OTHER

	March 31, 2021	December 31, 2020
Prepayments of initial public offering expenses	\$ -	\$ 118,880
Prepaid expenses	<u>72,939</u>	<u>1,226</u>
Total	\$ 72,939	\$ 120,106

7. ROYALTY AND STREAM INTERESTS

	March 31, 2021	December 31, 2020
Opening	\$ 10,346,424	\$ 297,709
Additions during the period	6,008,948	9,818,048
Depletion	(107,679)	(5,740)
Foreign currency translation	<u>(53,495)</u>	<u>236,407</u>
Closing	\$ 16,194,198	\$ 10,346,424

	Baavhai Uul	Bayan Undur	LSFN Forest	Keysbrook	Copperstone	Total
Acquisition Costs						
December 31, 2019	\$ 144,040	\$ 153,669	\$ -	\$ -	\$ -	\$ 297,709
Additions during the year	-	-	117,366	3,163,116	6,537,566	9,818,048
Depletion during the year	-	-	-	(5,740)	-	(5,740)
Foreign currency translation	<u>3,106</u>	<u>3,315</u>	<u>12,124</u>	<u>102,712</u>	<u>115,150</u>	<u>236,407</u>
Closing, December 31, 2020	\$ 147,146	\$ 156,984	\$ 129,490	\$ 3,260,088	\$ 6,652,716	\$ 10,346,424
Additions during the period	-	-	-	-	6,008,948	6,008,948
Depletion during the period	-	-	-	(107,679)	-	(107,679)
Foreign currency translation	<u>1,777</u>	<u>1,895</u>	<u>1,563</u>	<u>38,756</u>	<u>(97,486)</u>	<u>(53,495)</u>
Closing, March 31, 2021	\$ 148,923	\$ 158,879	\$ 131,053	\$ 3,191,165	\$ 12,564,178	\$ 16,194,198

Of the total net book value as at March 31, 2021, \$3,191,165 (December 31, 2020 - \$3,260,088) is depletable and \$13,003,033 (December 31, 2020 - \$7,086,336) is non-depletable.

During the quarter ended March 31, 2021, the Company made the second instalment payment of \$6,000,000 pursuant to the purchase and sale agreement (the “Streaming Agreement”) with Arizona Gold Corp. (“Arizona Gold”) (formerly Kerr Mines Inc.). Total acquisition costs of \$8,948 were incurred during the quarter. The final tranche payment of \$6,000,000 is payable to Arizona Gold on or before June 30, 2021, subject to certain closing conditions. As at March 31, 2021, the Company has accounted for total costs of \$12,564,178 in respect of the Copperstone asset. An additional \$6,000,000 will be recorded upon the final tranche payment.

STAR ROYALTIES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2021	December 31, 2020
Accounts payable and accrued liabilities	\$ 351,188	\$ 7,766
Due to related parties (Note 9)	29,783	-
Share issuance costs payable	<u>-</u>	<u>127,069</u>
	\$ 380,971	\$ 134,835

9. RELATED PARTY TRANSACTIONS

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 members of the Board of Directors and corporate officers, including the Company's Executive Chairman, Chief Executive Officer, Chief Investment Officer, Chief Business Development Officer, and Chief Financial Officer.

During the three months ended March 31, 2021 and 2020, the Company entered into the following transactions with key management personnel and companies controlled by these individuals:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Management compensation	\$ 221,291	\$ 41,004
Shareholder communication	9,607	-
Share-based compensation	<u>354,155</u>	<u>-</u>
	\$ 585,053	\$ 41,004

As at March 31, 2021, \$29,783 (December 31, 2020 - \$Nil) was due to related parties for management compensation.

10. SHAREHOLDERS' EQUITY**(a) Authorized**

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Share consolidation

As disclosed in Note 1, the Board of Directors authorized a five-to-one share consolidation, which was passed at the shareholders' meeting on November 30, 2020 and took effect on December 4, 2020. The number of issued and outstanding shares, broker warrants, and per share amounts have been retrospectively restated for all periods presented unless otherwise stated.

STAR ROYALTIES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Presented in US Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

10. SHAREHOLDERS' EQUITY (CONTINUED)**(c) Issued share capital**

During the three months ended March 31, 2021, the Company entered into the following transactions:

- a) In February 2021, the Company completed its initial public offering of 34,286,000 units of the Company at a price of CAD\$0.70 per unit for gross proceeds of \$18,974,650 (CAD\$24,000,200). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of CAD \$1.00 per common shares until February 19, 2024. The gross proceeds of \$18,974,650 were allocated between common shares and share purchase warrants and recorded as \$16,562,159 to share capital and \$2,412,491 to contributed surplus.
- b) In March 2021, the syndicate of underwriters for the Company's IPO exercised a portion of the over-allotment option granted to them. As a result of the exercise, the Company issued an additional 3,769,500 common shares at a price of CAD\$0.611 per common share and 5,142,900 warrants at a price of CAD\$0.089 per warrant for combined gross proceeds of \$2,178,545 (CAD\$2,760,883). The gross proceeds of \$2,178,545 were allocated between common shares and share purchase warrants and recorded as \$1,817,370 to share capital and \$361,175 to contributed surplus.
- c) Share issuance fees paid in cash totalled \$1,758,343 in relation to the Company's IPO and the exercise of the over-allotment option granted to the syndicate of underwriters. The share issuance costs of \$1,758,343 were recorded against share capital in the amount of (\$1,534,786) and contributed surplus in the amount of \$223,557.
- d) Issued 7,200 common shares for share purchase warrants exercised for gross proceeds of \$5,799. The Company allocated \$463 to share capital which was the fair value of share purchase warrants exercised.

(d) Broker Warrants

As at March 31, 2021, the following broker warrants were outstanding:

	Number of broker warrants	Weighted Average Exercise Price CAD
Balance, December 31, 2020	669,300	\$ 0.625
Granted	-	
Balance, March 31, 2021	669,300	\$ 0.625

The broker warrants expire between March 18, 2022 to March 30, 2022.

STAR ROYALTIES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Presented in US Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

10. SHAREHOLDERS' EQUITY (CONTINUED)**(e) Share Purchase Warrants**

As at March 31, 2020, the following share purchase warrants were outstanding:

	Number of share purchase warrants	Weighted Average Exercise Price CAD
Balance, December 31, 2020	-	-
Granted	39,428,900	\$ 1.00
Exercised	(7,200)	\$ 1.00
Balance, March 31, 2021	39,421,700	\$ 1.00

The share purchase warrants expire on February 19, 2024.

(f) Stock Options

The Company has an equity compensation plan, subject to shareholders approval, under which it is authorized to grant stock options, restricted share units and performance share units, or some combination thereof up to 10% of its outstanding common shares. As of May 26, 2021, there are 7,107,364 common shares available for issuance under the equity compensation plan and of which the maximum number of common shares issuable pursuant to Awards, as such term is defined within the plan, that are not stock options may not exceed 2,995,414 shares. The stock options which have been granted have a maximum term of 10 years and with vesting conditions which were determined by the Board of Directors.

During the three months ended March 31, 2021, the Company issued 3,735,000 stock options to officers and directors of the Company with an exercise price of CAD\$0.70 per share. The stock options expire on February 19, 2031 and vest 25% on grant and 25% annually over three years. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 10 years, a risk-free rate of 1.21%, a forfeiture rate of 0%, and a share price volatility of 60%.

As the equity compensation plan is subject to shareholders approval, the Company valued the stock options at March 31, 2021. Once the date of grant under IFRS has been established, the Company will revise the earlier estimate so that the amounts recognized for services received in respect of the grant are based on the grant date fair value. The weighted average fair values per option as at March 31, 2021 were CAD\$0.36. During the three months ended March 31, 2021, the Company recorded share-based compensation of \$317,131 in relation to stock options.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2020	-	\$ -
Granted	3,735,000	0.70
Balance, March 31, 2021	3,735,000	\$ 0.70
Vested and exercisable, March 31, 2021	933,750	\$ 0.70

As at March 31, 2021, the outstanding stock options expire on February 19, 2031.

STAR ROYALTIES LTD.

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(Presented in US Dollars)

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FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

10. SHAREHOLDERS' EQUITY (CONTINUED)

(g) RSUs

Pursuant to the equity compensation plan, which is subject to shareholders approval, the Company is authorized to issue RSUs to directors, officers, employees or consultants. The RSUs entitle holders to common shares of the Company upon vesting, based on vesting terms determined by the Board of Directors at the time of grant.

On February 19, 2021, the Company granted 1,250,005 RSUs to officers and directors of the Company. The RSUs vest over three years.

As the equity compensation plan is subject to shareholders approval, the Company valued the RSUs at March 31, 2021. Once the date of grant under IFRS has been established, the Company will revise the earlier estimate so that the amounts recognized for services received in respect of the grant are based on the grant date fair value. The weighted average fair values per unit as at March 31, 2021 were CAD\$0.57. During the three months ended March 31, 2021, the Company recorded share-based compensation of \$37,024 in relation to RSUs.

11. SEGMENT INFORMATION

For the three months ended March 31, 2021, the Company had revenue of \$146,072 (Three months ended March 31, 2020 - \$Nil) from one of its royalties located in Australia.

The Company has non-current assets in the following geographic locations:

	March 31, 2021	December 31, 2020
United States	\$ 12,564,178	\$ 6,652,716
Australia	3,191,165	3,260,088
Mongolia	307,820	304,130
Canada	<u>130,053</u>	<u>129,490</u>
	<u>\$ 16,194,198</u>	<u>\$ 10,346,424</u>

12. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and due to related parties approximates fair value due to the short-term nature of the financial instruments. Cash and cash equivalents and receivables are classified as amortized cost. Accounts payable and accrued liabilities and amounts payable to related parties are classified as amortized cost.

STAR ROYALTIES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(Presented in US Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

13. COMMITMENTS

As at March 31, 2021, the Company had the following contractual obligations:

	Less than 1 year	1 to 3 years	Over 3 years	Total
Accounts payable	\$ 251,911	\$ -	\$ -	\$ 251,911
Due to related parties (Note 9)	<u>29,783</u>	<u>-</u>	<u>-</u>	<u>29,783</u>
	<u>\$ 281,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,694</u>

In addition to the commitments above, the Company has committed to provide the final installment payment of \$6,000,000 to Arizona Gold pursuant to the Streaming Agreement (Note 7) upon certain milestone conditions being met.

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company entered into the following transactions:

- a) On April 15, 2021, the Company filed a final short form base-shelf prospectus in each of the provinces and territories of Canada. The prospectus will allow the Company to make offerings of common shares, debt securities, subscription receipts, convertible securities, warrants, units or any combination thereof up to a maximum of \$200,000,000 during the 25-month period in which the base shelf prospectus is effective.