



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

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED 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 consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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 consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim consolidated financial statements by an entity's auditor.

STAR ROYALTIES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Presented in US Dollars)

(Unaudited)

As At

	June 30, 2022	December 31, 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 2,451,597	\$ 4,160,206
Receivables (Note 5)	347,513	283,472
Prepays and other	<u>62,825</u>	<u>61,366</u>
	2,861,935	4,505,044
Non-current		
Investment in Green Star joint venture (Note 6)	19,575,148	-
Royalty and stream interests (Note 7)	<u>25,585,656</u>	<u>26,711,573</u>
	<u>\$ 48,022,739</u>	<u>\$ 31,216,617</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	<u>\$ 403,964</u>	<u>\$ 435,723</u>
	403,964	435,723
Shareholders' equity		
Share capital (Note 9)	28,330,033	28,008,825
Contributed surplus	6,142,902	5,888,237
Accumulated other comprehensive (loss)/income	(243,870)	459,157
Retaining earnings/(deficit)	<u>13,389,710</u>	<u>(3,575,325)</u>
	<u>47,618,775</u>	<u>30,780,894</u>
	<u>\$ 48,022,739</u>	<u>\$ 31,216,617</u>

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 consolidated financial statements.

STAR ROYALTIES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME/(LOSS) AND OTHER COMPREHENSIVE INCOME/(LOSS)

(Presented in US Dollars)

(Unaudited)

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Revenue				
Royalty income	\$ 264,203	\$ 208,948	\$ 479,564	\$ 355,020
Costs of sales				
Depletion (Note 3c)	(190,510)	(215,976)	(362,744)	(368,234)
Gross profit	73,693	(7,028)	116,820	(13,214)
Expenses				
Marketing and shareholder communications	125,151	37,127	178,029	78,053
Management and board compensation (Note 8)	458,611	224,425	763,215	445,716
Office and miscellaneous	58,263	62,810	132,617	120,508
Professional fees	69,252	111,058	159,782	396,218
Share-based compensation (Notes 8 and 9)	205,127	281,876	431,157	636,031
Total expenses	(916,404)	(717,296)	(1,664,800)	(1,676,526)
Other income/(loss)				
Foreign exchange income/(loss)	45,689	(107,431)	43,794	(120,872)
Interest income	3,892	26,462	4,663	30,447
Management fees from Green Star joint venture	39,321	-	39,321	-
Equity loss from Green Star joint venture (Note 6)	(5,737)	-	(5,737)	-
Gain on deconsolidation of subsidiary (Note 6)	18,575,690	-	18,575,690	-
Net income/(loss)	17,816,144	(805,293)	17,109,751	(1,780,165)
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	(1,137,320)	690,247	(703,027)	748,490
Total other comprehensive (loss)/income	(1,137,320)	690,247	(703,027)	748,490
Total comprehensive income/(loss)	\$ 16,678,824	\$ (115,046)	\$ 16,406,724	\$ (1,031,675)
Basic and diluted income/(loss) per common share	\$ 0.24	\$ (0.01)	\$ 0.23	\$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	73,156,806	70,080,837	73,034,799	60,273,642

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

STAR ROYALTIES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Presented in US Dollars)

(Unaudited)

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021 (Note 3c)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income/(loss) for the period	\$ 17,109,751	\$ (1,780,165)
Items not affecting cash:		
Depletion (Note 3c)	362,744	368,234
Equity loss from Green Star joint venture	5,737	-
Foreign exchange (income)/loss	(43,794)	120,872
Gain on deconsolidation of subsidiary (Note 6)	(18,575,690)	-
Share-based compensation	431,157	636,031
Non-cash working capital items changes:		
Accounts payable and accrued liabilities	(69,301)	(285,405)
Prepaid and other	(2,425)	5,171
Receivables	(69,507)	129,390
Net cash used in operating activities	<u>(851,328)</u>	<u>(805,872)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Green Star Royalties Ltd.	(857,432)	-
Purchase of royalty and stream interests	-	(6,008,911)
Net cash used by investing activities	<u>(857,432)</u>	<u>(6,008,911)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	18,379,529
Proceeds from issuance of warrants	-	2,772,665
Issuance costs	-	(1,631,274)
Exercise of warrants	-	5,799
Net cash provided by financing activities	<u>-</u>	<u>19,526,719</u>
Change in cash and cash equivalents for the period	(1,708,760)	12,711,936
Effect of exchange rate changes on cash and cash equivalents	151	228,987
Cash and cash equivalents, beginning of the period	<u>4,160,206</u>	<u>1,988,993</u>
Cash and cash equivalents, end of the period	<u>\$ 2,451,597</u>	<u>\$ 14,929,916</u>

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

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

(Presented in US Dollars)

(Unaudited)

Share Capital							
	Number	Amount	Contributed surplus	Accumulated other comprehensive income	(Deficit)/ Retained earnings	Total	
Balance, December 31, 2020	33,018,137	\$ 12,786,743	\$ 144,716	\$ 459,289	\$ (906,043)	\$ 12,484,705	
Units issued on initial public offering and overallotment exercised	38,055,500	16,048,245	5,104,949	-	-	21,153,194	
Issuance costs	-	(1,406,674)	(351,669)	-	-	(1,758,343)	
Exercise of warrants	7,200	6,262	(463)	-	-	5,799	
Share-based compensation	-	-	636,031	-	-	636,031	
Loss and other comprehensive loss	-	-	-	748,490	(1,780,165)	(1,031,675)	
Balance, June 30, 2021	<u>71,080,837</u>	<u>\$ 27,434,576</u>	<u>\$ 5,533,564</u>	<u>\$ 1,207,779</u>	<u>\$ (2,686,208)</u>	<u>\$ 31,489,711</u>	
Balance, December 31, 2021	72,740,141	\$ 28,008,825	\$ 5,888,237	\$ 459,157	\$ (3,575,325)	\$ 30,780,894	
Shares issued on vesting of share units (Note 9)	416,665	176,492	(176,492)	-	-	-	
Expiry of broker warrants	-	144,716	-	-	(144,716)	-	
Share-based compensation (Note 8 and 9)	-	-	431,157	-	-	431,157	
Income and other comprehensive loss	-	-	-	(703,027)	17,109,751	16,406,724	
Balance, June 30, 2022	<u>73,156,806</u>	<u>\$ 28,330,033</u>	<u>\$ 6,142,902</u>	<u>\$ (243,870)</u>	<u>\$ 13,389,710</u>	<u>\$ 47,618,775</u>	

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

STAR ROYALTIES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Presented in US Dollars)

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

1. NATURE AND CONTINUANCE OF OPERATIONS

Star Royalties Ltd. (the “Company”) was incorporated in Canada under the Canada Business Corporations Act on February 15, 2018. The Company is a precious metals royalty and streaming investment company. The Company conducts its green royalty investments via a joint venture company, Green Star Royalties Ltd. (“Green Star”). 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. The Company’s common shares are also traded on the OTCQX under the symbol “STRFF”.

In February 2021, the Company completed its initial public offering (“IPO”) and commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol “STRR”. Although the Company has not generated substantial income and has accumulated a deficit, the Company believes that between the cash balance at June 30, 2022, royalty income from Keysbrook and Elk Gold, and management fees from the Green Star joint venture, it has sufficient resources to fund operations and commitments as required.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on August 23, 2022.

2. COVID-19 UNCERTAINTIES

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and related adverse public health developments have adversely affected workforces, economies, and financial markets globally. The full extent and impact of the COVID-19 pandemic are still unknown but 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 in 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 June 30, 2022, the Company has not recorded any adjustments directly attributable to the COVID-19 pandemic.

3. BASIS OF PREPARATION

(a) Statement of compliance

These condensed interim consolidated 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, 2021. 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, 2021. In addition, the Company adopted an accounting policy in relation to investment in a joint venture during the quarter ended June 30, 2022 (see Note 6).

STAR ROYALTIES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Presented in US Dollars)

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

3. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

These condensed interim consolidated 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 5 of the audited consolidated financial statements for the year ended December 31, 2021.

(c) Recast for prior period

During the year ended December 31, 2021, the Company recorded additional depletion on the Keysbrook royalty asset. The additional depletion recorded included additional \$107,814 depletion expense relating to the six months ended June 30, 2021. As a result of this adjustment, the condensed interim consolidated statements of income/(loss) and comprehensive income/(loss) for the three and six months ended June 30, 2021 has been recast, with depletion increased to \$215,976 and \$368,234, respectively, for the three and six months ended June 30, 2021. The net impact was an increase to net loss by \$63,235 and \$107,814, respectively, for the three and six months ended June 30, 2021.

In addition, non-cash working capital changes of \$127,069 relating to the prepaid initial public offering expenses for the six months ended June 30, 2021 have been reclassified from cash flow from operating activities to cash flow from financing activities in the condensed interim consolidated statements of cash flows.

4. USE OF ESTIMATES, ASSUMPTION AND JUDGEMENT

Critical Accounting Judgments and Estimates

The preparation of these condensed interim consolidated 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 consolidated financial statements, the Company applied the critical accounting judgements and estimates as disclosed in Note 4 of the audited financial statements for the year ended December 31, 2021. In addition, the Company applied the following critical judgment in relation to investment in joint arrangement:

Investment in joint arrangement:

Judgement is required to determine when the Company has joint control of a contractual arrangement, which requires a continuous assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. Judgement is also required to classify a joint arrangement as either a joint venture or a joint operation. Classifying the arrangement requires the Company to assess its rights and obligations arising from the arrangement. Specifically, the Company considers the legal form of the separate vehicle, the terms of the contractual arrangement and other relevant facts and circumstances. This assessment often requires critical judgement, and a different conclusion on joint control, or whether the arrangement is a joint venture or a joint operation, may have a material impact on the accounting treatment.

STAR ROYALTIES LTD.

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FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

5. RECEIVABLES

	June 30, 2022	December 31, 2021
Goods and service tax (“GST”) receivable	\$ 86,097	\$ 173,181
Royalty receivable	261,416	110,291
Total	\$ 347,513	\$ 283,472

6. INVESTMENT IN GREEN STAR JOINT VENTURE

The Company conducts green royalty investments with its joint venture partner Agnico Eagle Mines Limited (“Agnico Eagle”) via Green Star. Green Star was incorporated in Canada under the Canada Business Corporations Act on June 15, 2020 and domiciled in Canada.

In May 2022, the Company’s subsidiary, Green Star, completed the closing of a non-brokered private placement of 15,384,620 shares at a price of CAD\$1.00 per Green Star class A share (each a “Green Star share”) for total gross proceeds of CAD\$15,384,620. Following the closing of the non-brokered private placement, Green Star is now owned 61.9% by the Company, 35% by Agnico Eagle, and 3.1% by the Company’s management team and Board of Directors.

Prior to the closing of the non-brokered private placement in May 2022, Green Star was a wholly-owned subsidiary of the Company. Contemporaneously with the closing of the private placement transaction, the Company entered into a unanimous shareholders’ agreement and a co-investment and environmental attribute purchase agreement with Agnico Eagle. These agreements provide certain rights to Agnico Eagle for its holding of the Green Star shares, which includes board of directors and technical committee nomination, the right to co-invest in green opportunities, and rights to first offer to participate in future offerings, among other things. As a result of the governance structure on Green Star due to the joint arrangement entered into with Agnico Eagle, the Company has derecognized related assets and liabilities of Green Star from its consolidated financial statements as of the closing date of the private placement transaction in May 2022 and recorded an investment in joint venture in accordance with IFRS 11 *Joint arrangement* and IAS 28 *Investment in associates and joint ventures*. The accounting policies of the joint venture are consistent with the policies described herein.

The Company has assessed the nature of its joint arrangement and determined it to be a joint venture. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Company accounts for its investment in the joint venture using the equity method. Under the equity method, the Company’s initial investment is subsequently increased or decreased to recognize the Company’s share of net income and losses of the joint venture, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the joint venture’s reserves, and for impairment losses after the initial recognition date. The Company’s share of income and losses of the joint venture is recognized in net income during the period.

As noted above, the assets and liabilities of Green Star were deconsolidated as of the closing date of the non-brokered private placement and an investment in joint venture was recorded at the same time. The following tables shows the assets and liabilities that were deconsolidated from the Company’s consolidated financial statement, and the gain on the transaction that was recognized.

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6. INVESTMENT IN GREEN STAR JOINT VENTURE (CONTINUED)**Assets and liabilities deconsolidated**

	Green Star
Assets	
Royalty interests ¹	\$ 1,082,712
Liabilities	-
Net assets deconsolidated	\$ 1,082,712

1. This relates to the royalty interests on EMS Forest, LSFN Forest and MobiSmart

Upon derecognition of Green Star's net assets of \$1,082,712 (CAD\$1,379,158) from the consolidated financial statement, the Company recorded an initial recognition of its investment in joint venture relating to Green Star of \$19,626,315 (CAD\$25,000,000), which was based on fair value of Green Star shares at CAD\$1.00 per share. This resulted in a gain on deconsolidation of subsidiary of \$18,575,690 (CAD\$23,620,842) In addition, transaction costs of \$186,492 were incurred and capitalized to Investment in joint venture.

The following table discloses the continuity of the Company's investment in Green Star joint venture as at June 30, 2022:

	Investment in joint venture
Balance as at December 31, 2021	\$ -
Initial recognition	19,626,315
Transaction costs	186,492
Equity loss for the period	(5,737)
Foreign currency translation	(231,922)
Balance as at June 30, 2022	\$ 19,575,148

The following is a summary of the Green Star joint venture financial information on a 100% basis:

	For the Six Months Ended June 30, 2022
Loss for the period	\$ (9,268)
	June 30, 2022
Total assets	\$ 12,988,015
Total liabilities	\$ Nil
Total equity	\$ 12,988,015

STAR ROYALTIES LTD.

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7. ROYALTY AND STREAM INTERESTS

	Mining Royalties	Stream Interests	Carbon Credit & Other Royalties	Total
Cost, December 31, 2020	\$ 3,569,958	\$ 6,652,716	\$ 129,490	\$ 10,352,164
Additions during the period	10,702,142	6,008,948	242,502	16,953,592
Foreign currency translation	53,861	(15,277)	(1,822)	36,762
Cost, December 31, 2021	\$ 14,325,961	\$ 12,646,387	\$ 370,170	\$ 27,342,518
Additions during the period	-	-	722,078	722,078
Deconsolidation during the period (Note 6)	-	-	(1,082,712)	(1,082,712)
Foreign currency translation	(200,825)	(192,178)	(9,536)	(402,539)
Cost, June 30, 2022	\$ 14,125,136	\$ 12,454,209	\$ -	\$ 26,579,345
	Mining Royalties	Stream Interests	Carbon Credit & Other Royalties	Total
Accumulated depreciation, December 31, 2020	\$ 5,740	\$ -	\$ -	\$ 5,740
Depletion during the period	625,205	-	-	625,205
Accumulated depreciation, December 31, 2021	\$ 630,945	\$ -	\$ -	\$ 630,945
Depletion during the period	362,744	-	-	362,744
Accumulated depreciation, June 30, 2022	\$ 993,689	\$ -	\$ -	\$ 993,689
Net book value, December 31, 2021	\$ 13,695,016	\$ 12,646,387	\$ 370,170	\$ 26,711,573
Net book value, June 30, 2022	\$ 13,131,447	\$ 12,454,209	\$ -	\$ 25,585,656

Of the total net book value as at June 30, 2022, \$12,830,859 (December 31, 2021 - \$2,835,314) is depletable and \$12,754,797 (December 31, 2021 - \$23,876,259) is non-depletable.

8. RELATED PARTY TRANSACTIONS

Related parties include key management personnel, individuals or companies controlled by key management personnel and Green Star Royalties Ltd. 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 and six months period ended June 30, 2022 and 2021, key management compensation was as follows:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Management and board compensation	\$ 320,989	\$ 224,425	\$ 625,593	\$ 445,083
Severance	137,622	-	137,622	-
Share-based compensation	204,933	281,876	431,023	636,031
	\$ 663,544	\$ 506,301	\$ 1,194,238	\$ 1,081,114

STAR ROYALTIES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

8. RELATED PARTY TRANSACTIONS (CONTINUED)

In addition, the Company paid consulting fees in relations to marketing and shareholder communication to an entity controlled by a former executive officer of the Company in the amount of \$16,005 and \$25,206, respectively, for the three and six months ended June 30, 2022 (three and six months ended June 30, 2021 - \$14,199 and \$32,240, respectively).

The Company also received management fees of \$39,321 from Green Star Royalties Ltd. for the three and six months ended June 30, 2022.

9. SHAREHOLDERS' EQUITY

(a) Authorized

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

(b) Issued share capital

During the six-month period ended June 30, 2022, the Company entered into the following transactions:

- a) In February 2022, the Company settled the commitment to issue shares in relation to vested restricted share units ("RSUs"). The Company issued 416,665 common shares valued at \$176,492 (CAD\$225,001).
- b) In March 2022, the Company reclassified \$144,716 (CAD\$192,696) relating to the expired broker warrants, from contributed surplus to retained earnings/(deficit).

(c) Stock options

During the six-month period ended June 30, 2022, the Company entered into the following transactions:

On February 21, 2022, the Company issued 625,000 stock options to officers and directors of the Company with an exercise price of CAD\$0.60 per share. The stock options expire on February 21, 2032 and vest over three years in equal portions on the anniversary of the grant date. The fair value per stock option as determined on grant date was CAD\$0.40.

During the three and six-month period ended June 30, 2022, the Company recorded share-based compensation expense of \$81,140 and \$186,591 (three and six months ended June 30, 2021 - \$157,207 and \$474,338) in relation to vesting stock options in share-based compensation in the condensed interim consolidated statements of income/(loss) and other comprehensive income/(loss).

(d) RSUs

During the six-month period ended June 30, 2022, the Company entered into the following transactions:

On February 21, 2022, the Company granted 1,215,000 RSUs to officers and directors of the Company. The RSUs granted are vested over three years in equal portions on the anniversary of the grant date. The fair value per unit on grant date was CAD\$0.60.

During the three and six-month period ended June 30, 2022, the Company recorded share-based compensation expense of \$123,987 and \$244,566 (three and six months ended June 30, 2021 - \$124,669 and \$161,693) in relation to RSUs in share-based compensation in the condensed interim consolidated statements of income/(loss) and other comprehensive income/(loss).

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10. SEGMENT INFORMATION

For the six-month period ended June 30, 2022, the Company had mining royalty revenues from two of its royalties located in Australia and Canada of \$399,825 and \$79,739, respectively (six months ended June 30, 2021 - \$355,020 from one of its royalties in Australia).

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

	June 30, 2022	December 31, 2021
United States	\$ 12,454,209	\$ 12,646,387
Canada	10,532,747	11,107,699
Australia	2,298,112	2,652,262
Mongolia	<u>300,588</u>	<u>305,225</u>
	<u>\$ 25,585,656</u>	<u>\$ 26,711,573</u>

11. 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).

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

The carrying value of cash and cash equivalents, receivables and accounts payable and accrued liabilities, approximates fair value due to the short-term nature of the financial instruments.

12. COMMITMENTS

As at June 30, 2022, the Company had the following contractual obligations:

	Less than 1 year	1 to 3 years	Over 3 years	Total
Accounts payable	\$ 171,286	\$ -	\$ -	\$ 171,286
	<u>\$ 171,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,286</u>