



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Presented in United States (“U.S.”) Dollars)
(Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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 Consolidated Statements of Financial Position
(Presented in U.S. Dollars)
(Unaudited)

	As at	
	September 30, 2023	December 31, 2022
ASSETS		
Current		
Cash and cash equivalents	\$ 1,828,337	\$ 2,478,184
Receivables (Note 4)	211,996	382,543
Prepays and other	41,649	43,621
	2,081,982	2,904,348
Non-current		
Investment in Green Star joint venture (Note 5)	20,085,493	19,689,147
Royalty and stream interests (Note 6)	23,640,458	24,022,953
	43,725,951	43,712,100
	\$ 45,807,933	\$ 46,616,448
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 552,008	\$ 714,955
	552,008	714,955
Shareholders' equity		
Share capital (Note 8)	28,803,948	28,224,482
Contributed surplus	6,441,191	6,310,424
Accumulated other comprehensive loss	(2,634,105)	(2,534,747)
Retaining earnings	12,644,891	13,901,334
	45,255,925	45,901,493
	\$ 45,807,933	\$ 46,616,448

Subsequent event (Note 11)

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 (Loss) Income and Comprehensive (Loss) Income
(Presented in U.S. Dollars)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022 (Adjusted – Note 2c)	2023	2022 (Adjusted – Note 2c)
Revenue				
Royalty income	\$ 271,567	\$ 334,192	\$ 731,029	\$ 992,446
Costs of sales				
Depletion	(128,693)	(144,970)	(324,930)	(507,714)
Gross profit	142,874	189,222	406,099	484,732
Expenses				
Marketing and shareholder communications	3,254	37,610	15,972	215,639
Management and board compensation (Note 7)	418,736	313,999	1,304,179	1,077,214
Share-based compensation (Note 8)	149,381	213,963	457,757	645,120
Office and miscellaneous	27,794	65,262	129,651	197,879
Professional fees	120,075	12,980	238,720	172,762
Total expenses	(719,240)	(643,814)	(2,146,279)	(2,308,614)
Other (loss) income				
Foreign exchange gain (loss)	45,755	143,891	(3,946)	187,685
Interest income	18,999	10,397	59,599	15,060
Management fees from Green Star joint venture	55,911	116,588	167,222	155,909
Equity income from Green Star joint venture (Note 5)	251,851	6,558	439,931	821
Green Star transaction	-	-	-	18,575,690
Net (loss) income before income taxes	(203,850)	(177,158)	(1,077,374)	17,111,283
Income tax expense	(73,558)	(99,338)	(179,069)	(278,028)
Net (loss) income	\$ (277,408)	\$ (276,496)	\$ (1,256,443)	\$ 16,833,255
Other comprehensive (loss) income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	(1,156,314)	(2,823,221)	(99,358)	(3,526,248)
Comprehensive (loss) income	\$ (1,433,722)	\$ (3,099,717)	\$ (1,355,801)	\$ 13,307,007
Basic and diluted (loss) income per common share	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ 0.23
Weighted average number of common shares outstanding – basic and diluted	74,961,705	73,181,651	74,783,423	73,084,288

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 U.S. Dollars)
(Unaudited)

	For the Nine Months Ended September 30,	
	2023	2022
OPERATING ACTIVITIES		
Net (loss) income	\$ (1,256,443)	\$ 16,833,255
Items not affecting cash:		
Depletion	324,930	507,714
Equity income from Green Star joint venture (Note 5)	(439,931)	(821)
Foreign exchange loss (gain)	3,946	(187,685)
Green Star transaction	-	(18,575,690)
Share-based compensation	457,757	645,120
Non-cash working capital items changes:		
Accounts payable and accrued liabilities	89,857	14,382
Prepays and other	1,879	18,688
Receivables	171,134	(48,111)
Net cash used in operating activities	(646,871)	(793,148)
INVESTING ACTIVITIES		
Investment in Green Star joint venture	-	(901,451)
Net cash used in investing activities	-	(901,451)
Net change in cash and cash equivalents	(646,871)	(1,694,599)
Effect of exchange rate changes on cash and cash equivalents	(2,976)	(9,979)
Cash and cash equivalents, beginning of the period	2,478,184	4,160,206
Cash and cash equivalents, end of the period	\$ 1,828,337	\$ 2,455,628

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 U.S. Dollars)

(Unaudited)

	Share Capital		Contributed surplus	Accumulated other comprehensive income (loss)	(Deficit) Retained earnings	Total
	Number	Amount				
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 restricted share units	511,904	215,657	(215,657)	-	-	-
Expiry of broker warrants	-	-	(144,716)	-	144,716	-
Share-based compensation	-	-	645,120	-	-	645,120
Income and other comprehensive loss	-	-	-	(3,526,248)	16,833,255	13,307,007
Balance, September 30, 2022	73,252,045	\$ 28,224,482	\$ 6,172,984	\$ (3,067,091)	\$ 13,402,646	\$ 44,733,021
Balance, December 31, 2022	73,252,045	\$ 28,224,482	\$ 6,310,424	\$ (2,534,747)	\$ 13,901,334	\$ 45,901,493
Shares issued on vesting of restricted share units (Note 8)	774,046	326,990	(326,990)	-	-	-
Shares issued for compensation (Note 8)	935,514	252,476	-	-	-	252,476
Share-based compensation (Note 8)	-	-	457,757	-	-	457,757
Loss and other comprehensive loss	-	-	-	(99,358)	(1,256,443)	(1,355,801)
Balance, September 30, 2023	74,961,705	\$ 28,803,948	\$ 6,441,191	\$ (2,634,105)	\$ 12,644,891	\$ 45,255,925

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
For the Three and Nine Months Ended September 30, 2023 and 2022
(Presented in U.S. Dollars)
(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Star Royalties Ltd. (the “Company”) is incorporated under the *Canada Business Corporations Act*. The Company is a precious metals royalty and streaming investment company. The Company conducts its green royalty investments through Green Star Royalties Ltd. (“Green Star”), a joint venture (Note 5). The head office, records office, and principal address of the Company is 1601-110 Yonge Street, Toronto, Ontario, M5C 1T4. The Company’s common shares and warrants are listed on the TSX Venture Exchange (“TSX-V”) under the symbols “STRR” and STRR.WT”, respectively. The Company’s common shares are also traded on the OTCQX under the symbol “STRFF”.

Although the Company has not generated substantial revenue, the Company believes that with the cash and cash equivalents balance at September 30, 2023, the anticipated royalty income from Keysbrook and Elk Gold, and the management fees from Green Star, it has sufficient resources to fund operations and commitments for at least twelve months from the balance sheet date.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on November 21, 2023.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

These condensed interim consolidated financial statements do not include all the information required of full annual financial statements and are 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 these condensed interim consolidated financial statements be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2022. The accounting policies applied in preparation of these condensed interim financial statements are consistent with those applied and disclosed in Note 4 of the Company’s audited consolidated financial statements for the year ended December 31, 2022. In addition, the Company adopted various amendments to IFRS on January 1, 2023 as disclosed in Note 2(d).

(b) Basis of Measurement

These condensed interim consolidated financial statements are presented in United States dollars. The Canadian dollar is the functional currency of the Company, its subsidiaries, and joint operations. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates*. 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 4 of the audited consolidated financial statements for the year ended December 31, 2022.

(c) Prior Period Adjustments

During the period ended September 30, 2022, the Company’s royalty income from Keysbrook (as defined below) was recorded to revenue net of the Australian withholding taxes. Under IAS 12 *Income Taxes*, income taxes should also include foreign withholding taxes payable on distributions to the reporting entity.

STAR ROYALTIES LTD.

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2. BASIS OF PREPARATION (CONTINUED)

The Company made an adjustment to reclass Australian withholding taxes paid in the amount of \$278,028 from revenue to income tax expenses accordingly. The adjustment, which is shown in the tables below, has no impact on the Company's condensed interim consolidated statements of financial position, consolidated statements of changes in shareholders' equity and did not impact net (loss) income for the period ended September 30, 2022 in the consolidated statements of (loss) income and comprehensive (loss) income.

Three Months Ended September 30, 2022	As previously reported	Adjustment	Adjusted
Revenue	\$ 234,854	\$ 99,338	\$ 334,192
Net loss before income taxes	(276,496)	99,338	(177,158)
Income tax expense	-	(99,338)	(99,338)
Net loss	(276,496)	-	(276,496)
Basic and diluted loss per share	\$ (0.00)	\$ -	\$ (0.00)

Nine Months Ended September 30, 2022	As previously reported	Adjustment	Adjusted
Revenue	\$ 714,418	\$ 278,028	\$ 992,446
Net income before income taxes	16,833,255	278,028	17,111,283
Income tax expense	-	(278,028)	(278,028)
Net income	16,833,255	-	16,833,255
Basic and diluted income per share	\$ 0.23	\$ -	\$ 0.23

(d) Adoption of New Accounting Standards

The Company adopted various amendments to IFRS, which were effective for accounting periods beginning on or after January 1, 2023. These include amendments to *IAS 1* and *IFRS Practice Statement 2* (Disclosure of Accounting Policies), *IAS 8* (Definition of Accounting Estimates) and *IAS 12* (Deferred tax related to assets and liabilities arising from a single transaction). The impact of adoption was not significant to the Company's condensed interim financial statements.

(e) New and Amended Accounting Standards

The amendments to *IAS 1* (Presentation of Financial Statements), clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. This amendment is effective for annual reporting periods beginning on or after January 1, 2024. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

3. 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 condensed interim consolidated 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.

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3. USE OF ESTIMATES, ASSUMPTION AND JUDGEMENT (CONTINUED)

In preparing these condensed interim consolidated financial statements, the Company applied the critical accounting judgements and estimates as disclosed in Note 3 of the audited financial statements for the year ended December 31, 2022.

4. RECEIVABLES

	September 30, 2023	December 31, 2022
Goods and service tax receivable	\$ 12,255	\$ 77,046
Royalty receivables	199,741	305,497
Total	\$ 211,996	\$ 382,543

5. INVESTMENT IN GREEN STAR JOINT VENTURE

The following table discloses the continuity of the Company's 61.9% investment in Green Star joint venture as at September 30, 2023:

	Investment in Joint Venture	
Balance as at December 31, 2021	\$	-
Initial recognition		19,626,315
Transaction costs		186,492
Equity income for the year		1,080,747
Foreign currency translation		(1,204,407)
Balance as at December 31, 2022	\$	19,689,147
Equity income for the period		439,931
Foreign currency translation		(43,585)
Balance as at September 30, 2023	\$	20,085,493

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

	September 30, 2023		December 31, 2022	
Total assets	\$	32,230,665	\$	31,543,903
Total liabilities	\$	77,979	\$	21,168

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5. INVESTMENT IN GREEN STAR JOINT VENTURE (CONTINUED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Royalty income	\$ 9,623	\$ -	\$ 12,754	\$ -
Operating expenses	(276,125)	(140,688)	(809,994)	(180,620)
Other income	812,185	151,285	333,104	181,949
Fair value (loss) gain on financial assets	(138,518)	-	1,174,848	-
Net income (100%)	\$ 407,165	\$ 10,597	\$ 710,712	\$ 1,329
Star Royalties' 61.9% share of net income	\$ 252,035	\$ 6,558	\$ 439,931	\$ 821

6. ROYALTY AND STREAM INTERESTS

Cost	Mining Royalties	Stream Interests	Carbon Credit & Other Royalties	Total
Balance, December 31, 2021	\$ 14,325,961	\$ 12,646,387	\$ 370,170	\$ 27,342,518
Additions	-	-	722,078	722,078
Deconsolidation	-	-	(1,082,712)	(1,082,712)
Foreign currency translation	(900,850)	(790,587)	(9,536)	(1,700,973)
Balance, December 31, 2022	\$ 13,425,111	\$ 11,855,800	\$ -	\$ 25,280,911
Foreign currency translation	(33,815)	(29,861)	-	(63,676)
Balance, September 30, 2023	\$ 13,391,296	\$ 11,825,939	\$ -	\$ 25,217,235

Accumulated depletion	Mining Royalties	Stream Interests	Carbon Credit & Other Royalties	Total
Balance, December 31, 2021	\$ 630,945	\$ -	\$ -	\$ 630,945
Depletion	701,746	-	-	701,746
Foreign currency translation	(74,733)	-	-	(74,733)
Balance, December 31, 2022	\$ 1,257,958	\$ -	\$ -	\$ 1,257,958
Depletion	324,930	-	-	324,930
Foreign currency translation	(6,111)	-	-	(6,111)
Balance, September 30, 2023	\$ 1,576,777	\$ -	\$ -	\$ 1,576,777

Net book value				
As at December 31, 2022	\$ 12,167,153	\$ 11,855,800	\$ -	\$ 24,022,953
As at September 30, 2023	\$ 11,814,519	\$ 11,825,939	\$ -	\$ 23,640,458

Of the total net book value as at September 30, 2023, \$11,529,096 (December 31, 2022 - \$11,881,009) is depletable and \$12,111,362 (December 31, 2022 - \$12,141,944) is non-depletable.

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7. RELATED PARTY TRANSACTIONS

Related parties include key management personnel, individuals or companies controlled by key management personnel, and Green Star. Key management personnel include those with 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, and Chief Financial Officer.

During the three and nine months ended September 30, 2023, and 2022, key management compensation was as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Management and board compensation	\$ 355,161	\$ 276,378	\$ 1,076,365	\$ 901,971
Marketing and shareholder communications	-	-	-	24,726
Severance	-	-	-	137,622
Share-based compensation	145,707	213,963	447,983	645,120
	\$ 500,868	\$ 490,341	\$ 1,524,348	\$ 1,709,439

Pursuant to the amended management services agreement between the Company and Green Star dated September 19, 2022, the Company received management fees of \$55,911 and \$167,222 for the three and nine months ended September 30, 2023, respectively (three and nine months ended September 30, 2022 – \$116,588 and \$155,909 respectively).

8. 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 nine months ended September 30, 2023, the Company entered into the following transactions:

- i.) In January 2023, the Company issued 935,614 common shares valued at \$252,476 (CAD\$341,499) in relation to compensation.
- ii.) In February 2023, the Company issued 774,046 common shares valued at \$326,990 (CAD\$442,286) in relation to vested restricted share units ("RSUs").

(c) Stock Options

During the nine months ended September 30, 2023, the Company entered into the following transactions:

On February 21, 2023, the Company issued 1,525,000 stock options to officers and directors of the Company with an exercise price of CAD\$0.50 per share. The stock options expire on February 21, 2033 and vest over three years in equal portions on the anniversary of the grant date. The fair value per stock option as determined on the grant date was CAD\$0.25.

STAR ROYALTIES LTD.

Notes to the Condensed Interim Consolidated Financial Statements
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8. SHAREHOLDERS' EQUITY (CONTINUED)

During the three and nine months ended September 30, 2023, the Company recorded share-based compensation expenses of \$72,065 and \$214,371 (three and nine months ended September 30, 2022 - \$79,549 and \$266,140) in relation to vested stock options in share-based compensation in the condensed interim consolidated statements of (loss) income and comprehensive (loss) income.

(d) RSUs

During the nine months ended September 30, 2023, the Company entered into the following transactions:

On February 21, 2023, the Company granted 611,925 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 the grant date was CAD\$0.39, being the share price on the IFRS grant date.

During the three and nine months ended September 30, 2023, the Company recorded share-based compensation expenses of \$77,316 and \$243,386 (three and nine months ended September 30, 2022 - \$134,414 and \$378,980) in relation to RSUs in share-based compensation in the condensed interim consolidated statements of (loss) income and comprehensive (loss) income.

9. SEGMENT INFORMATION

The Company organizes and manages the business under (i) Star Royalties and (ii) Green Star joint venture. The operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO") who fulfills the role of the chief operating decision-maker. The CEO is responsible for assessing the performance of the Company's operating segments, including reviewing financial information from Green Star joint venture (Note 5) and is responsible for resources allocation.

For the nine months ended September 30, 2023, the Company had mining royalty income of \$596,896 from a royalty located in Australia (nine months ended September 30, 2022 - \$927,153), \$134,133 from a royalty located in Canada (nine months ended September 30, 2022 - \$65,293) and equity income of \$439,931 from Green Star joint venture located in Canada (nine months ended September 30, 2022 - \$821).

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

	September 30, 2023	December 31, 2022
United States	\$ 11,825,939	\$ 11,855,800
Canada	29,968,835	29,682,263
Australia	1,645,754	1,887,893
Mongolia	285,423	286,144
	\$ 43,725,951	\$ 43,712,100

Investment in Green Star joint venture of \$20,085,493 (December 31, 2022 - \$19,689,147), included in non-current assets, is located in Canada.

STAR ROYALTIES LTD.

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10. 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, and accounts payable and accrued liabilities, approximates fair value due to the short-term nature of the financial instruments.

11. SUBSEQUENT EVENT

On October 31, 2023, the Company completed the closing of the agreement with Sabre Gold Mines Corp. (“Sabre Gold”) to restructure its existing gold streaming agreement on the Copperstone Gold Mine. Under the third amendment to the gold purchase and sale agreement between the Company, Sabre Gold, American Bonanza Gold Corp., and Bonanza Exploration Inc., the Copperstone stream was revised from 6.6% of gold produced with production-based step-downs to a flat 4% of gold produced for the duration of Copperstone’s life-of-mine. In exchange, the Company received CAD\$1,550,000 in cash and 7,407,407 shares of Sabre Gold on November 1, 2023. The Company will receive an additional CAD\$2,000,000 in combination of cash and marketable securities between September 2024 to September 2025.