



**FINANCIAL STATEMENTS**  
**(Presented in United States (“U.S.”) Dollars)**

**FOR THE YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024**



# Independent auditor's report

To the Shareholders of Star Royalties Ltd.

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## Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Star Royalties Ltd. (the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## What we have audited

The Company's financial statements comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of cash flows for the years then ended;
- the statements of changes in shareholders' equity for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

PricewaterhouseCoopers LLP  
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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

## Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of the Green Star joint venture NativState IFM Project royalty agreement</b></p> <p>Refer to note 3 – Estimation uncertainty and judgements in applying the Company's accounting policies, note 4 – Material accounting policies and note 7 – Investment in Green Star joint venture to the financial statements.</p> <p>The Company conducts its green royalty investments through Green Star Royalties Ltd. (Green Star joint venture), a joint venture which is equity accounted for. The Green Star joint venture accounts for its carbon credit royalty agreements,</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"><li>• Tested how management determined the fair value of the NativState IFM Project royalty agreement, which included the following:<ul style="list-style-type: none"><li>– Evaluated the appropriateness of the discounted cash flow model prepared by management and tested the mathematical accuracy thereof.</li></ul></li></ul>

## Key audit matter

including the definitive royalty agreement with NativState LLC (NativState IFM Project royalty agreement), as financial instruments at fair value through profit and loss. As at December 31, 2025, the fair value of the NativState IFM Project royalty agreement was \$4,412,507. At each reporting date, the fair value of each active agreement is determined using a discounted cash flow model taking into consideration various observable and unobservable inputs. The significant assumptions used in the determination of the fair value of the NativState IFM Project royalty agreement included expected volumes of carbon credit units over the life of the project, carbon credit pricing and discount rate. Fair value movements of carbon credit royalty agreements impact the equity pickup from the Green Star joint venture when applying the equity method.

We considered this a key audit matter due to (i) the significant judgment made by management when developing the significant assumptions used in determining the fair value of the NativState IFM Project royalty agreement; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the significant assumptions used by management; and (iii) the audit effort that involved the use of professionals with specialized skill and knowledge in the field of valuation.

## How our audit addressed the key audit matter

- Evaluated the reasonableness of the expected volumes of carbon credit units over the life of the project by considering contractual arrangements, third-party accreditation reports, actual results and inquiry with management.
- Evaluated the reasonableness of the carbon credit pricing by considering actual realized prices and third-party information. Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the reasonableness of the discount rate used in the discounted cash flow model.
- Evaluated the sufficiency of the disclosures in the financial statements.

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## Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## **Responsibilities of management and those charged with governance for the financial statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Melanie Matthews.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants, Licensed Public Accountants

Vancouver, British Columbia

April 21, 2026

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**STAR ROYALTIES LTD.**Statements of Financial Position  
(Presented in U.S. Dollars)

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	<b>As at</b>	
	<b>December 31, 2025</b>	December 31, 2024
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 802,136	\$ 1,377,630
Receivables (Note 5)	135,643	1,173,524
Marketable securities (Note 6)	2,839,399	823,674
Prepays and other	36,150	33,360
	<b>3,813,328</b>	3,408,188
<b>Non-current</b>		
Investment in Green Star joint venture (Note 7)	5,936,253	6,287,389
Royalty and stream interests (Note 8)	9,965,557	17,327,685
	<b>15,901,810</b>	23,615,074
	<b>\$ 19,715,138</b>	<b>\$ 27,023,262</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 944,922	\$ 308,229
	<b>944,922</b>	308,229
<b>Shareholders' equity</b>		
Share capital (Note 10)	29,856,414	29,507,994
Contributed surplus	1,637,462	1,812,829
Accumulated other comprehensive loss	(3,701,364)	(4,861,562)
(Deficit) Retained earnings	(9,022,296)	255,772
	<b>18,770,216</b>	26,715,033
	<b>\$ 19,715,138</b>	<b>\$ 27,023,262</b>

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Nature of operations and going concern (Note 1)

Subsequent events (Note 14)

Approved on behalf of the Board of Directors

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*"Alexandre Pernin"*  
Alexandre Pernin

Director

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*"Kylie Dickson"*  
Kylie Dickson

Director

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

**STAR ROYALTIES LTD.**Statements of Loss and Comprehensive Loss  
(Presented in U.S. Dollars)

	<b>Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenue</b>		
Royalty income (Note 11)	\$ 463,288	\$ 811,241
<b>Costs of sales</b>		
Depletion	(285,145)	(398,378)
<b>Gross profit</b>	<b>178,143</b>	<b>412,863</b>
<b>Expenses</b>		
Marketing and shareholder communications	17,951	96,069
Management and board compensation (Note 9)	1,575,566	1,668,497
Share-based compensation (Note 10)	545,184	501,362
Office and miscellaneous	149,932	162,144
Professional fees	313,013	264,701
Expected credit loss (Note 5)	18,230	365,017
Impairment losses on mining royalty interests (Note 8)	7,789,848	2,000,000
<b>Total expenses</b>	<b>(10,409,724)</b>	<b>(5,057,790)</b>
<b>Other (loss) income</b>		
Foreign exchange (loss) gain	(45,050)	140,779
Interest income	25,115	71,738
Gain on marketable securities (Note 6)	1,546,817	108,153
Management fees from Green Star joint venture (Note 9)	214,623	219,010
Equity loss from Green Star joint venture (Note 7)	(651,397)	(19,753,332)
<b>Net loss before income taxes</b>	<b>(9,141,473)</b>	<b>(23,858,579)</b>
Income tax expense (Note 13)	(136,595)	(235,075)
<b>Net loss</b>	<b>\$ (9,278,068)</b>	<b>\$ (24,093,654)</b>
<b>Other comprehensive loss</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation adjustment	1,160,198	(3,750,043)
<b>Comprehensive loss</b>	<b>\$ (8,117,870)</b>	<b>\$ (27,843,697)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.12)</b>	<b>\$ (0.31)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>78,463,728</b>	<b>77,111,864</b>

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

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**STAR ROYALTIES LTD.**Statements of Cash Flows  
(Presented in U.S. Dollars)

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	<b>Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (9,278,068)	\$ (24,093,654)
Items not affecting cash:		
Depletion	285,145	398,378
Share-based compensation (Note 10)	545,184	501,362
Foreign exchange loss (gain)	45,050	(140,779)
Gain on marketable securities (Note 6)	(1,546,817)	(108,153)
Impairment losses on mining royalty interests (Note 8)	7,789,848	2,000,000
Expected credit loss (Note 5)	18,230	365,017
Equity loss from Green Star joint venture (Note 7)	651,397	19,753,332
Non-cash working capital items changes:		
Accounts payable and accrued liabilities	237,230	(200,128)
Prepays and other	(1,106)	(471)
Receivables	1,911	50,660
Net cash used in operating activities	(1,251,996)	(1,474,436)
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of marketable securities (Note 6)	695,365	-
Net cash provided by investing activities	695,365	-
<b>Net change in cash</b>	<b>(556,631)</b>	<b>(1,474,436)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(18,863)</b>	<b>(27,953)</b>
<b>Cash, beginning of the year</b>	<b>1,377,630</b>	<b>2,880,019</b>
<b>Cash, end of the year</b>	<b>\$ 802,136</b>	<b>\$ 1,377,630</b>
<b>Supplemental cash flow information:</b>		
Interest received	\$ 25,115	\$ 71,738
Income taxes paid	136,595	235,075

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

**STAR ROYALTIES LTD.**Statements of Changes in Shareholders' Equity  
(Presented in U.S. Dollars)

	Share Capital		Contributed surplus	Accumulated other comprehensive loss	Retained earnings (Deficit)	Total
	Number	Amount				
<b>Balance, December 31, 2023</b>	74,961,705	\$ 28,803,948	\$ 6,588,388	\$ (1,111,519)	\$ 19,538,950	\$ 53,819,767
Shares issued for compensation (Note 10)	1,474,352	317,905	-	-	-	317,905
Shares issued on vesting of restricted share units (Note 10)	978,027	386,141	(386,141)	-	-	-
Share-based compensation (Note 10)	-	-	421,058	-	-	421,058
Expiry of publicly traded warrants	-	-	(4,810,476)	-	4,810,476	-
Loss and other comprehensive loss	-	-	-	(3,750,043)	(24,093,654)	(27,843,697)
<b>Balance, December 31, 2024</b>	77,414,084	\$ 29,507,994	\$ 1,812,829	\$ (4,861,562)	\$ 255,772	\$ 26,715,033
Shares issued for compensation (Note 10)	43,103	8,824	-	-	-	8,824
Shares issued on vesting of restricted share units (Note 10)	1,180,096	339,596	(339,596)	-	-	-
Share-based compensation (Note 10)	-	-	164,229	-	-	164,229
Loss and other comprehensive loss	-	-	-	1,160,198	(9,278,068)	(8,117,870)
<b>Balance, December 31, 2025</b>	78,637,283	\$ 29,856,414	\$ 1,637,462	\$ (3,701,364)	\$ (9,022,296)	\$ 18,770,216

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

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## **STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

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 7). 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 are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “STRR”. The Company’s common shares are also traded on the OTCQX under the symbol “STRFF”.

Subsequent to December 31, 2025, on March 16, 2026, the Company and Summit Royalties Ltd. (“Summit”) entered into an arrangement agreement (the “Agreement”) pursuant to which Summit agreed to acquire all of the issued and outstanding common shares of the Company by way of a court-approved plan of arrangement under the Canada Business Corporations Act (the “Transaction”). Under the terms of the Agreement, shareholders of the Company will receive 0.36 of a Summit common share for each common share of the Company held. The Transaction is subject to customary conditions, receipt of all required regulatory, court, and shareholder approvals, and the satisfaction of other closing conditions. As at December 31, 2025, the Transaction had not been approved or completed and, accordingly, no amounts related to the Transaction have been reflected in these financial statements.

The Company’s financial statements as at December 31, 2025, and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As at December 31, 2025, the Company had cash of \$802,136. For the year ended December 31, 2025, the Company used cash of \$1,251,996 in its operating activities (2024 - \$1,474,436) and incurred a comprehensive loss of \$8,117,870 (2024 - \$27,843,697). These conditions indicate a material uncertainty which casts significant doubt on the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is contingent upon generating revenue from its royalty and stream interests, receiving management fees from Green Star, sale of marketable securities and securing sufficient funds through equity capital or other financing to meet its expenditure requirements over the next twelve months. While the Company has been successful in obtaining the necessary financing for its operations and its contractual commitments in the past, there is no assurance such financing will be available in the future and that the steps management is taking will be successful. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

### **2. BASIS OF PREPARATION**

#### **(a) Statement of Preparation**

These financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). These financial statements were approved and authorized for issue by the board of directors of the Company (the “Board of Directors”) on April 21, 2026.

#### **(b) Functional and Foreign Currency Translation**

These financial statements are presented in United States dollars. The Company’s functional currency is Canadian dollar. Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet. Income and expenses are translated at the exchange rates at the dates of the transactions or at average exchange rates during the period when they approximate actual rates during the period. All resulting exchange differences are charged to the currency translation adjustment in other comprehensive income.

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**2. BASIS OF PREPARATION (CONTINUED)**

Foreign currency transactions on initial recognition are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at each financial position date and non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

**3. ESTIMATION UNCERTAINTY AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES**

The preparation of these 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.

***Areas of judgement******Accounting for Royalty and Stream Interests***

The Company from time to time will acquire royalty and stream interests. Each royalty and stream interest agreement has its own unique terms, and significant judgment is required to assess the appropriate accounting treatment.

***Impairment of Royalty and Stream Interests***

Assessment of impairment of royalty and stream interests at the end of each reporting period requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that give rise to the requirement to conduct a formal impairment test on the Company's royalty and stream interests. Indicators which could trigger an impairment test include, but are not limited to, a significant change in operator reserve and resource estimates, industry, or economic trends, current or forecast commodity prices, and other relevant operator information. The assessment of recoverable amount requires the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, reserve/resource conversion, foreign exchange rates, future capital expansion plans and the associated production implications.

The Company identified indicators of impairment in respect of its Elk Gold mining royalty interest and Mongolian mining royalty interests. Accordingly, impairment assessments were performed for these assets in accordance to *IFRS 6 Exploration for and Evaluation of Mineral Resources* and *IAS 36 Impairment of Assets* ("IAS 36") (Note 8).

***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.

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**3. ESTIMATION UNCERTAINTY AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (CONTINUED)*****Sources of estimation uncertainty******Estimation of Depletion***

The Company's royalty, stream, and other production-based interests that generate economic benefits are considered depletable and are depleted on a unit-of-production basis over the units of production that are expected to generate the cash flows that will be attributable to the Company. These calculations require the use of estimates and assumptions, including the estimated quantity of commodities to be received, the recovery rates, and payable rates. Changes to these assumptions may impact the depletion rates used. Changes to depletion rates due to new information are accounted for prospectively.

***Valuation of Green Star's carbon credit royalty agreements***

The Green Star joint venture accounts for its carbon credit royalty agreements as financial instruments at fair value through profit or loss according to *IFRS 13 Fair Value Measurement*. At each reporting date, the fair value of each active agreement is determined using discounted cash flow models taking into consideration various observable and unobservable inputs as set out in Note 7. Fair value movements of carbon credit royalty agreements impact the equity pickup from the Green Star joint venture when applying the equity method. Significant estimates and assumptions in the fair value measurement of material carbon credit royalty agreements in Green Star are included in Note 7.

**4. MATERIAL ACCOUNTING POLICIES****Basis of Consolidation**

The financial statements consist of the consolidation of the financial statements of the Company and its subsidiaries. All significant intercompany transactions, balances, revenues, and expenses have been eliminated upon consolidation. Subsidiaries are entities over which the Company has control, including the power to govern the financial and operating policies in order to obtain benefits from their activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. The Company currently has no subsidiaries.

**Joint Arrangements**

The Company has assessed the nature of its joint arrangement and determined it to be a joint venture based on the rights and obligations arising from the contractual arrangements. 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 in accordance with *IAS 28 Investment in Associates and Joint Ventures*. 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.

Dilution gains and losses arising from changes in the Company's interest in the joint venture are recognized in the statements of income and comprehensive income. The accounting policies of the joint venture are consistent with the policies described herein.

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**4. MATERIAL ACCOUNTING POLICIES (CONTINUED)****Cash**

Cash comprises of cash on hand recorded at amortized cost.

**Financial Instruments**Financial Assets

The Company classified its financial assets in the following categories: at fair value through profit and loss (“FVTPL”) or at amortized cost. The determination of the classification of financial assets is made at initial recognition.

The Company’s accounting policy for each of the categories is as follows:

*Financial Assets at FVTPL:* Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income and comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statements of income and comprehensive income.

*Financial Assets at Amortized Cost:* A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset’s contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

*Impairment of financial assets at amortized cost:* The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company’s financial assets:

<b>Financial asset</b>	<b>Classification</b>
Cash	Amortized cost
Receivables	Amortized cost
Marketable securities	FVTPL

Financial Liabilities

The Company classifies its financial liabilities into categories, depending on the purpose for which the liability was incurred. The Company’s accounting policy for each category is as follows:

*Other financial liabilities:* This category includes accounts payable and accrued liabilities, which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statements of income and comprehensive income immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

The following table shows the classification of the Company’s financial liabilities under:

<b>Financial liability</b>	<b>Classification</b>
Accounts payable and accrued liabilities	Amortized cost

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**4. MATERIAL ACCOUNTING POLICIES (CONTINUED)****Marketable Securities**

Securities held for trading are traded on a recognized securities exchange, are recorded at fair values based on quoted closing bid prices at the statement of financial position dates or closing bid prices on the last day the security traded if there were no trades at the statement of financial position dates with both realized and unrealized gains and losses recorded in profit or loss.

**Royalty and Stream Interests**

Royalty and stream interests consist of acquired royalty and stream contracts and agreements. Royalty and stream interests acquired in an asset acquisition are recorded at cost and capitalized as either tangible or intangible assets with finite lives depending on the nature of the royalty or stream. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. The cost of the royalty and stream interest is comprised of its purchase price and any costs directly attributable to acquiring the asset. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred.

Producing royalty and stream interests are depleted using the units-of-production method over the life of the property to which the interests relate, which are estimated using available information of proven and probable reserves. The Company relies on information available to it under contracts with operators and/or public disclosures for information on reserves and resources from the operators of the producing mineral interests.

Acquisition costs of exploration-stage royalty and stream interests are capitalized and are not depleted until such time as revenue-generating activities begin.

**Impairment of Royalty and Stream Interests**

Evaluation of the carrying values of each royalty and stream interest is undertaken when events or changes in circumstances indicate that the carrying values may not be recoverable. Impairment is assessed at the level of cash-generating units, which are identified as the smallest identifiable group of assets that generates cash inflows and largely independent of the cash inflows from other assets. This is usually at the individual royalty or other interest level for each property from which cash inflows are generated.

An assessment is made at each reporting period if there is any indication that a previous impairment loss may no longer exist or has decreased. If indications are present, the carrying value of the royalty or stream is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount net of depletion that would have been determined had no impairment loss been recognized for the royalty or stream in previous periods.

Royalty and stream interests classified as exploration and evaluation assets are assessed for impairment whenever indicators of impairment exist in accordance with *IFRS 6* for underlying exploration stage projects and with *IAS 36* for operating and development stage assets. Producing and advanced royalty and stream interests are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Impairment is assessed at the level of cash-generating units (“CGUs”) which are identified in accordance with *IAS 36*. An impairment loss is recognized for the amount by which the asset’s carrying value exceeds its recoverable amount.

An impairment loss is recognized for the amount by which the asset’s carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal (“FVLCD”) and its value in use (“VIU”). Estimated future cash flows are calculated using estimated production, sales prices and a discount rate. Estimated future production is determined using current reserves and the portion of resources expected to be classified as mineral reserves, as well as exploration potential expected to be converted into reserves.

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**4. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

Estimated sales prices are determined by reference to an average of long-term metal price forecasts by research analysts and management's expectations. The discount rate is estimated using an average discount rate incorporating research analyst views used to value precious metal royalty and streaming companies.

**Revenue Recognition**

The Company has determined that each unit of a commodity that is delivered to a customer under a royalty, or working interest arrangement is a performance obligation for the delivery of a good that is separate from each other unit of the commodity to be delivered under the same arrangement.

For royalty interests, revenue is recognized in accordance with the relevant terms of the specific royalty agreement. Such terms may stipulate that the Company has a right to revenue upon settlement from the end customer to the operator of the royalty property or when control of the relevant commodity is transferred to the end customer by the operator of the royalty property. At this point in time the Company has an unconditional right to payment. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement with the operator of each mining property. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

**Loss per Share**

The Company presents basic loss per share for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the net loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Share-Based Payments**

Share-based payments are arrangements in which the Company receives goods or services in consideration for its own equity instruments granted to non-employees. These are accounted for as equity settled share-based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

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 income and comprehensive income 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 are exercised, the applicable amounts of contributed surplus are transferred to share capital.

**Income Taxes**

Income tax expense comprises of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

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## STAR ROYALTIES LTD.

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to taxes payable with regards to previous years. It also includes applicable Australian withholding taxes on the Company's royalty income from Keysbrook mineral sands mine ("Keysbrook").

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when they relate to income tax levied by the same tax authority and the Company intends to settle its tax assets and liabilities on a net basis.

#### Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Such parties include key management personnel of the Company. Parties are also considered related if they are subject to common control, joint control, or significant influence. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

#### New and Amended Accounting Standards

- *IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued *IFRS 18* which replaces *IAS 1*. *IFRS 18* carries forward many requirements from *IAS 1* unchanged but introduces significant changes to how information is communicated in financial statements, in particular the structure of the statement of profit or loss to include three newly defined categories (operating, investment, and financing) and new defined subtotals, enhanced transparency of management-defined performance measures, and enhanced guidance on how companies group information in the financial statements and notes. In addition, narrow-scope amendments have been made to *IAS 7*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. *IFRS 18* is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required and early adoption permitted.

The Company is assessing the potential impact of this new standard on our financial statements.

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**4. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

- *IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued targeted amendments to *IFRS 9* and *IFRS 7* to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at FVOCI. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted.

The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The Company does not expect the adoption of the amendments to have a material impact on the Company's financial statements or require a restatement of the comparative period.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

**5. RECEIVABLES**

	<b>December 31, 2025</b>	December 31, 2024
Goods and service tax receivable	\$ 19,298	\$ 22,166
Royalty receivables	116,345	108,895
Receivable – Sabre Gold (Note 6)	-	1,389,951
	<b>\$ 135,643</b>	<b>\$ 1,521,012</b>
Allowance for lifetime expected losses	-	(365,017)
Foreign currency translation	-	17,529
Total	<b>\$ 135,643</b>	<b>\$ 1,173,524</b>

Receivables are measured at amortized cost and are presented net of their allowance for expected credit losses within the statements of financial position. The allowance for expected credit losses is determined by estimates and assumptions made by management on credit losses expected to occur in the future.

The expected credit loss is determined by evaluating a range of possible outcomes incorporating the time value of money and reasonable and supportable information about past events, current conditions, and future economic forecasts. Receivables are written off when there is no reasonable expectation of recovery and are charged against the allowance for expected credit losses. Amounts recovered in subsequent periods are credited to the allowance for lifetime expected losses.

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**5. RECEIVABLES (CONTINUED)**

The change in the allowance for lifetime expected losses is as follows for the years ended:

	<b>December 31, 2025</b>	December 31, 2024
Balance, beginning of year	\$ (347,488)	\$ -
Expected credit loss	(18,230)	(365,017)
Allowance derecognized	365,630	-
Foreign currency translation	88	17,529
Balance, end of year	\$ -	\$ (347,488)

The Company recognized an expected credit loss allowance for the receivable from Sabre Gold based on management's assessment of the expected timing of debt settlement (Note 6). The allowance was measured using the intrinsic value of the expected settlement consideration. The expected credit loss allowance was reassessed at each reporting date and derecognized upon settlement of the receivable, at which time no further credit exposure remained.

**6. MARKETABLE SECURITIES**

	<b>Number of Common Shares Held</b>		<b>Fair Value</b>	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Sabre Gold Mines Corp.	-	7,407,407	\$ -	\$ 823,674
Minera Alamos Inc.	7,342,792	-	2,839,399	-
			\$ 2,839,399	\$ 823,674

On October 28, 2024, Sabre Gold Mines Corp. ("Sabre Gold") announced its acquisition by Minera Alamos Inc. ("Minera Alamos") through a plan of arrangement (the "Arrangement"), anticipated to close in early 2025.

In connection with the announced Arrangement, the Company entered into a debt settlement agreement with Sabre Gold on October 28, 2024, pursuant to which the Company agreed to settle its receivable of CAD\$2.0 million owing from Sabre Gold (Note 5) in exchange for 6,435,006 common shares of Sabre Gold, to be issued prior to completion of the Arrangement. The value of the debt settlement was used in measuring the expected credit loss on the receivable from Sabre Gold for the year ended December 31, 2024 (Note 5).

Upon the completion of the Arrangement, the Company's 6,435,006 common shares of Sabre Gold under the debt settlement agreement were converted into 4,459,459 common shares of Minera Alamos and the receivable previously receivable from Sabre Gold was derecognized. The Company's 7,407,407 common shares of Sabre Gold were also converted into 5,133,333 common shares of Minera Alamos. The debt settlement agreement between the Company and Sabre Gold was completed on February 5, 2025 and the acquisition of Sabre Gold by Minera Alamos was then completed on February 6, 2025.

For the year ended December 31, 2025, the Company recognized an unrealized gain on marketable securities of \$1,546,817, resulting from fair value adjustments as at December 31, 2025 (2024 – \$108,153). During the year ended December 31, 2025, the Company sold 2,250,000 common shares of Minera Alamos, generating net proceeds of \$695,365 (2024 – \$nil).

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**7. INVESTMENT IN GREEN STAR JOINT VENTURE**

Green Star is a cleantech and carbon credit royalty investment company incorporated in Canada under the *Canada Business Corporations Act* on June 15, 2020 and domiciled in Canada. Green Star is structured as a joint venture between the Company, Agnico Eagle Mines Limited (“Agnico Eagle”) and Cenovus Environmental Opportunity Fund Ltd. (“Cenovus”). Green Star is owned 45.9% by Star Royalties, 25.9% by Agnico Eagle, 25.9% by Cenovus and 2.3% by the management team of the Company and Green Star, as well as the Company’s Board of Directors. The joint venture is governed by a unanimous shareholders’ agreement and a co-investment and environmental attribute purchase agreement, which collectively establish joint control. These agreements provide the joint venturers with certain governance and participation rights in respect of their holdings of Green Star shares, including representation on the board of directors and technical committee, rights to co-invest in qualifying green opportunities, and rights of first offer to participate in future financings, among other provisions.

The following table discloses the continuity of the Company’s investment in Green Star joint venture as at December 31, 2025:

	<b>Investment in Joint Venture</b>
<b>Balance as at December 31, 2023</b>	\$ 27,756,632
Equity loss for the year	(19,753,332)
Foreign currency translation	(1,715,911)
<b>Balance as at December 31, 2024</b>	\$ 6,287,389
Equity loss for the year	(651,397)
Foreign currency translation	300,261
<b>Balance as at December 31, 2025</b>	\$ 5,936,253

Summarized financial information in respect of the Company’s investment in Green Star joint venture as at and for the years ended December 31, 2025 and 2024:

	<b>As at</b>	
	<b>December 31, 2025</b>	December 31, 2024
Assets		
Cash	\$ 8,301,439	\$ 7,348,179
Other current assets	78,787	1,767,112
Non-current financial assets	4,807,955	4,802,627
Liabilities		
Current liabilities	278,215	242,565
Net assets (100%)	\$ 12,909,966	\$ 13,675,353
Star Royalties’ share of net assets	\$ 5,925,674	\$ 6,276,987

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**7. INVESTMENT IN GREEN STAR JOINT VENTURE (CONTINUED)**

	Year Ended December 31, 2025	Year Ended December 31, 2024
Gains (losses) on royalty investments	\$ 4,073	\$ (56,133,599)
Revenue on sale of carbon credits	1,227,181	77,886
Cost of carbon credits sold	(1,316,275)	(61,612)
Operating expenses	(1,022,907)	(1,465,687)
Other (loss) income	(311,237)	3,829,430
Deferred tax recovery	-	10,718,000
Net loss (100%)	\$ (1,419,165)	\$ (43,035,582)
Star Royalties' share of net (loss) income	\$ (651,397)	\$ (19,753,332)

Green Star's non-current financial assets of \$4,807,955 (2024 - \$4,802,627) consist of carbon credits and other royalty investments.

Green Star Regen Ag, USA

In April 2022, Green Star expanded its agreement with Anew Climate, LLC ("Anew", formerly Blue Source, LLC) for the Regen Ag project, originally established in December 2021.

As of December 31, 2024, Green Star determined the fair value of Regen Ag contract to be \$nil and recognized a total fair value loss of \$55,198,686 due to significant uncertainty on the economic feasibility of the program. Green Star and Locus AG executed a mutual termination and release agreement on April 25, 2025 and Locus AG returned \$310,811 in overcapitalization funds to Green Star. Following termination of the program, Green Star has no further funding obligations nor investment interest in CarbonNOW.

NativState, USA

On April 24, 2024, Green Star entered into a definitive royalty agreement with NativState LLC ("NativState") to acquire several gross revenue royalties (each a "Royalty", and collectively, the "Royalties") on a carbon offset-issuing portfolio of Improved Forest Management ("IFM") projects in the southeastern United States. NativState is an Arkansas-based forest carbon project developer focused on aggregating small-to-medium forest landowners into IFM projects being developed under the American Carbon Registry ("ACR"). The Royalties are expected to deliver voluntary carbon offsets to Green Star over a 20-year period and have a total acquisition cost of \$5,595,190.

During 2024, Green Star received 119,580 carbon credits from NativState IFM Project royalty agreement. Green Star recorded these carbon credits as inventory based upon the fair market value of \$1,407,683 on the date the carbon credits were received. There was a corresponding adjustment to the carrying amount of the royalty investment arising from the receipt of the carbon credits to reflect the partial settlement.

As of December 31, 2025, Green Star determined the fair value of NativState IFM Project royalty agreement to be \$4,412,507 (2024 - \$4,187,507). For the year ended December 31, 2025, Green Star recognized a total fair value gain of \$225,000 (2024 - \$nil).

The fair value of NativState IFM Project royalty agreement was assessed by using a discounted cash flow model taking into consideration of the following unobservable inputs:

- Expected volumes of carbon credit units;
- Carbon credit pricing assumptions, taking into consideration historical realized prices and overall market volatility of carbon credit pricing; and
- Discount rate

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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**7. INVESTMENT IN GREEN STAR JOINT VENTURE (CONTINUED)**

The table of assumptions and sensitivity analysis provided below are presented on a 100% basis. The following significant unobservable inputs were used to measure the NativState IFM Project royalty agreement using a discounted cash flow model:

	<b>December 31, 2025</b>	December 31, 2024
Expected volumes of carbon credits over life of project	<b>0.7 million</b>	0.9 million
Price of voluntary carbon offset - IFM Removal	<b>\$25 - 36</b>	\$32
Price of voluntary carbon offset - IFM Avoidance	<b>\$10 – 15</b>	\$13
Discount rate	<b>18%</b>	18%

For the year ended December 31, 2025, the impact of a reasonable 5% increase/decrease in the estimated carbon credit pricing assumption, with all other variables held constant, would result in an increase/decrease in the fair value of the NativState IFM Project royalty agreement of \$201,000 (2024 - \$193,000).

For the year ended December 31, 2025, the impact of a reasonable 5% increase/decrease in the estimated volumes of carbon credits, with all other variables held constant, would result in an increase/decrease in the fair value of the NativState IFM Project royalty agreement of \$201,000 (2024 - \$222,000).

For the year ended December 31, 2025, the impact of a reasonable 1% increase/decrease in the estimated discount rate, with all other variables held constant, would result in an increase/decrease in the fair value of the NativState IFM Project royalty agreement of \$133,000 (2024 - \$184,000).

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

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**8. ROYALTY AND STREAM INTERESTS**

<b>Cost</b>	<b>Mining Royalties</b>	<b>Stream Interests</b>	<b>Total</b>
<b>Balance, December 31, 2023</b>	\$ 13,747,898	\$ 9,428,149	\$ 23,176,047
Foreign currency translation	(1,111,183)	(762,036)	(1,873,219)
<b>Balance, December 31, 2024</b>	\$ 12,636,715	\$ 8,666,113	\$ 21,302,828
Foreign currency translation	629,715	431,852	1,061,567
<b>Balance, December 31, 2025</b>	\$ 13,266,430	\$ 9,097,965	\$ 22,364,395

  

<b>Accumulated depletion</b>	<b>Mining Royalties</b>	<b>Stream Interests</b>	<b>Total</b>
<b>Balance, December 31, 2023</b>	\$ 1,736,228	\$ -	\$ 1,736,228
Depletion	398,378	-	398,378
Impairment loss on Elk Gold mining royalty interests	2,000,000	-	2,000,000
Foreign currency translation	(159,463)	-	(159,463)
<b>Balance, December 31, 2024</b>	\$ 3,975,143	\$ -	\$ 3,975,143
Depletion	285,145	-	285,145
Impairment loss on Elk Gold mining royalty interests	7,519,814	-	7,519,814
Impairment losses on Mongolian mining royalty interests	270,034	-	270,034
Foreign currency translation	348,702	-	348,702
<b>Balance, December 31, 2025</b>	\$ 12,398,838	\$ -	\$ 12,398,838

  

<b>Net book value</b>			
<b>As at December 31, 2024</b>	\$ 8,661,572	\$ 8,666,113	\$ 17,327,685
<b>As at December 31, 2025</b>	\$ 867,592	\$ 9,097,965	\$ 9,965,557

Of the total net book value as at December 31, 2025, \$867,592 (December 31, 2024 - \$8,392,232) is depletable and \$9,097,965 (December 31, 2024 - \$8,935,453) is non-depletable.

The Company's royalty and stream interests consisted of the following:

**Mining Royalties****Baavhai Uul, Mongolia**

In July 2019, the Company purchased a 1.5% of Gross Revenue of any product extracted, produced, sold, and marketed from the Property located in Sukhbaatar Province in Mongolia from ION Energy LLC for a total consideration of \$141,306.

**Bayan Undur, Mongolia**

In October 2019, the Company purchased a 2% net smelter returns royalty on all products produced from the Bayan Undur Property and a right of first refusal on any potential future metals stream on the Bayan Undur Property located in Bayankhongor Aimag, Bayan Undur Soum, Mongolia from Bayan Undur Resource LLC for a total consideration of \$152,450.

**Elk Gold, British Columbia, Canada**

In September 2021, the Company acquired an existing 2% net smelter return royalty from Almadex Minerals Ltd. on the Elk Gold Mine ("Elk Gold") located in BC, Canada, for a total acquisition cost of \$10,702,142.

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## STAR ROYALTIES LTD.

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(Presented in U.S. Dollars)

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### 8. ROYALTY AND STREAM INTERESTS (CONTINUED)

Elk Gold is owned and operated by Gold Mountain Mining Corp. (“Gold Mountain”). In July 2025, a secured creditor of Gold Mountain, Nhwelmen Construction GP Ltd, successfully petitioned the BC Supreme Court for receivership under the Bankruptcy and Insolvency Act. On December 11, 2025, the Company entered into a binding letter of intent, as amended, with Nhwelmen Construction Limited Partnership, pursuant to which it agreed to exchange its Elk Gold mining royalty interest for an option to acquire a 5% equity interest in Gold Mountain, or any successor entity, following the resolution of Gold Mountain’s court appointed receivership process. The completion of the proposed transaction is subject to the satisfaction of conditions precedent, including required court approvals, which remained outstanding as of December 31, 2025. Accordingly, as at December 31, 2025, a definitive agreement as contemplated in the letter of intent had not been entered into and the Company continues to hold its Elk Gold mining royalty interest, and no royalty repurchase or option agreement to acquire an equity interest in Gold Mountain had been executed. Upon satisfaction of the conditions precedent and closing of this transaction, the Company’s Elk Gold mining royalty interest will be extinguished in exchange for an option to acquire a 5% equity ownership interest in Gold Mountain upon total cash payments of CAD\$500,000.

#### **Keysbrook, Western Australia, Australia**

In October 2020, the Company acquired an existing 2.0% minerals royalty from Resource Capital Fund VI L.P. on Keysbrook located in Western Australia, Australia, for a total acquisition cost of \$3,163,116. Keysbrook is owned and operated by Keysbrook Leucoxene Pty Ltd.

#### **Impairment losses on mining royalty interests**

Royalty and stream interests are assessed for impairment when indicators suggest that their carrying amounts may no longer be recoverable. Impairment assessment will be conducted in accordance with *IFRS 6 Exploration for and Evaluation of Mineral Resources* and *IAS 36* to determine the recoverable amount of the mining royalty interest. The carrying value of the mining royalty interest will be compared to the recoverable amount which was determined to be its fair value less cost of disposal.

#### Mongolian mining royalty interests

The operators of the Baavhai Uul and Bayan Undur projects announced on April 30, 2025 that exploration efforts for both projects would be discontinued. As a result, both projects were deemed fully impaired by the respective operators. Consequently, the Company recognized an impairment loss on the Baavhai Uul royalty of \$130,650 and an impairment loss on the Bayan Undur royalty of \$139,384 for the year ended December 31, 2025.

#### Elk Gold mining royalty interest

Operational performance issues persisted at the Elk Gold Project during the years ended December 31 2024 and 2025. On March 17, 2025, Gold Mountain announced that it had initiated an internal review of its National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) compliant independent Technical Report for the Elk Mine. This report, titled “National Instrument 43-101 Technical Report and Resource Update on the Elk Gold Project, Merritt, British Columbia, Canada”, has an effective date of December 7, 2021, and a report date of January 21, 2022 (the “Elk Gold Technical Report”). Gold Mountain advised stakeholders not to place undue reliance on the Elk Gold Technical Report or the associated resource estimates until the internal review has been completed and its findings disclosed. These factors were determined to be indicators of impairment as at December 31, 2024. In estimating the recoverable amount of Elk Gold mining royalty interest as at December 31, 2024, management considered market information available on the value of the mining royalty interest and determined the recoverable amount was estimated to be \$7.3 million, and the Company recognized an impairment loss of \$2 million for the year ended December 31, 2024.

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

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**8. ROYALTY AND STREAM INTERESTS (CONTINUED)**

During 2025, the operator suspended operations in June 2025 then entered receivership on July 31, 2025. These events represented significant adverse changes in the operating and financial conditions at the Elk Gold Project and are further indicators of impairment as at December 31, 2025. Accordingly, management reassessed the recoverable amount of the Elk Gold mining royalty interest. Given the lack of visibility regarding a potential restart of operations or recovery of value, management concluded that expected future cash flows were not reasonably estimable or probable. As a result, the recoverable amount of the Elk Gold mining royalty interest was determined to be nil, and the Company recognized an additional impairment loss of \$7.5 million during the year ended December 31, 2025.

**Stream Interests****Copperstone, Arizona, USA**

In November 2020, the Company, and Sabre Gold Mines Corp. (“Sabre Gold”) (formerly Arizona Gold Corp.) entered into a definitive gold purchase and sale (the “Streaming Agreement”) to finance the restart of underground operations and gold production at the Copperstone Gold Mine (“Copperstone”) in Arizona, USA. Total acquisition costs of \$12,546,514 included \$12,000,000 in cash consideration, and \$546,514 in transaction costs.

According to the Third Amending Agreement of 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. As per the Third Amending Agreement, the Company received \$1,148,710 (CAD\$1,550,000) in cash and 7,407,407 shares of Sabre Gold on November 1, 2023 (Note 6). Additionally, the Company expected to receive a combination of cash and marketable securities in the amount of \$907,304 (CAD\$1,200,000) in September 2024 and \$604,869 (CAD\$800,000) in September 2025 (Note 5).

**9. 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 year ended December 31, 2025, and 2024 key management compensation was as follows:

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Management and board compensation	<b>\$ 1,227,845</b>	\$ 1,219,363
Share-based compensation	<b>506,294</b>	493,669
	<b>\$ 1,734,139</b>	\$ 1,713,032

Pursuant to the amended management services agreement between the Company and Green Star dated September 19, 2022, the Company received management fees of \$214,623 during the year ended December 31, 2025 (2024 - \$219,010).

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**STAR ROYALTIES LTD.**

Notes to the Financial Statements

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**9. RELATED PARTY TRANSACTIONS (CONTINUED)**

The following table discloses the amounts owing to key management personnel which are included in accounts payable and accrued liabilities:

	Year ended December 31,	
	2025	2024
Bonus payable	\$ 539,910	\$ 83,397
Deferred salary payable	72,961	-
Vacation accrual	63,689	30,405
	<b>\$ 676,560</b>	<b>\$ 113,802</b>

**10. 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 year ended December 31, 2025, the Company entered into the following transactions:

- i.) In February 2025 the Company issued 43,103 common shares valued at \$8,824 (CAD\$12,500) in relation to compensation.
- ii.) In February 2025, the Company issued 1,180,096 common shares valued at \$339,596 (CAD\$482,464) in relation to vested RSUs.

During the year ended December 31, 2024, the Company entered into the following transactions:

- i.) In February 2024, the Company issued 1,474,352 common shares valued at \$317,905 (CAD\$429,040) in relation to compensation.
- ii.) In February 2024, the Company issued 978,027 common shares valued at \$386,141 (CAD\$521,839) in relation to vested RSUs.

**(c) Stock Options**

The Company has an equity compensation plan, reapproved on June 18, 2024 (the "Equity Plan"), under which it is authorized to grant stock options, RSUs and performance share units, or some combination thereof up to 10% of its outstanding common shares.

On May 27, 2025, the Company entered into an Option Surrender and Forfeiture Agreement with certain option holders, pursuant to which 2,440,000 stock options originally granted on February 19, 2021, were voluntarily surrendered and forfeited. The forfeiture was agreed to by the option holders and did not result in any additional compensation. As the options were fully vested and had been expensed prior to the forfeiture, no reversal of previously recognized share-based compensation was required in accordance with *IFRS 2 Share-based Payment*.

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**STAR ROYALTIES LTD.**

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**10. SHAREHOLDERS' EQUITY (CONTINUED)**

Stock option transactions during the years ended December 31, 2025 and 2024 were as follows:

	Number of options	Weighted average exercise price CAD
<b>Balance, December 31, 2023</b>	5,215,000	\$ 0.63
Granted	-	-
Forfeited	-	-
<b>Balance, December 31, 2024</b>	5,215,000	\$ 0.63
Granted	-	-
Forfeited	(2,440,000)	\$ 0.70
<b>Balance, December 31, 2025</b>	2,775,000	\$ 0.57
<b>Balance exercisable, December 31, 2025</b>	2,266,670	\$ 0.58

The following table summarizes information concerning outstanding and exercisable options at December 31, 2025:

Exercise prices CAD	Number of options outstanding	Number of options exercisable	Weighted average life (years)
0.70	625,000	625,000	5.14
0.60	625,000	625,000	6.15
0.50	1,525,000	1,016,670	7.15
	2,775,000	2,266,670	6.47

During the year ended December 31, 2025, the Company recorded share-based compensation expenses of \$39,535 (2024 - \$112,969) in relation to vesting stock options in share-based compensation in the statements of loss and other comprehensive loss.

**(d) RSUs**

Pursuant to the Equity Plan, 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. The Company retains the discretion to settle RSUs in either cash or equity in accordance to the Equity Plan. The Company's expectation is to settle all RSUs exclusively in equity and does not anticipate utilizing the cash settlement option.

On December 2, 2025, the Company granted 402,984 RSUs to 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\$0.34, being the share price on the grant date.

On February 21, 2024, the Company granted 1,713,358 RSUs to officers 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\$0.28, being the share price on the grant date.

During the year ended December 31, 2025, the Company recorded share-based compensation expenses of \$124,694 (2024 - \$308,089) in relation to RSUs in share-based compensation in the statements of loss and other comprehensive loss.

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## STAR ROYALTIES LTD.

Notes to the Financial Statements

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### 11. 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 7) and is responsible for resources allocation.

During the year ended December 31, 2025, the Company recognized mining royalty income of \$455,583 from a royalty located in Australia (2024 - \$783,585), \$7,705 from a royalty located in Canada (2024 - \$27,656) and equity loss of \$791,887 from Green Star joint venture located in Canada (2024 - \$19,753,332).

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

	December 31, 2025	December 31, 2024
United States	\$ 9,097,965	\$ 8,666,113
Canada	5,936,253	13,581,217
Australia	867,592	1,098,404
Mongolia	-	269,340
	<b>\$ 15,901,810</b>	<b>\$ 23,615,074</b>

Investment in Green Star joint venture of \$5,936,253 (Note 7) (December 31, 2024 - \$6,287,389) included in non-current assets, are located in Canada.

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

#### 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 held at large Canadian financial institutions in interest-bearing accounts. The Company has no investment in asset-backed commercial paper. The Company’s receivables consist of royalty receivable, and goods and services tax receivable from the Government of Canada.

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**STAR ROYALTIES LTD.**

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**12. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)****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 manages liquidity risk by maintaining sufficient cash balances to meet its liquidity requirements and through its capital management. Management has identified a material uncertainty with respect to the Company's ability to continue as a going concern, as explained in Note 1 to these financial statements.

**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

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are held with large financial institutions. As at December 31, 2025, the Company is not exposed to significant interest rate risk.

## b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar with the reporting currency of the Company being the U.S. dollar. The Company undertakes certain transactions denominated in U.S. dollars and is therefore exposed to fluctuations in the foreign exchange rates between the U.S. dollar relative to the Canadian dollar. For the year ended December 31, 2025, the impact of a 10% increase or decrease in the U.S. dollar relative to the Canadian dollar would result in an increase or decrease in net income of \$69,619 (2024 - \$135,529).

## c) Price Risk

The Company is exposed to price risk with respect to commodity prices on the royalty and stream agreements and share price of marketable securities on hand. Currently, the Company's revenue is not hedged to provide shareholders with full exposure to changes in the market prices of the commodities and the share price of marketable securities on hand. For the year ended December 31, 2025, the impact of a 10% increase or decrease in the share price of the marketable securities on hand would result in an increase or decrease in net income of \$283,940 (2024 - \$82,367).

**Capital Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the acquisition of royalty and stream 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 adjusts it considering 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, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements.

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**STAR ROYALTIES LTD.**

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**13. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes for the year ended December 31, 2025 and 2024 are as follows:

	2025	2024
Net loss before income taxes	\$ (9,141,473)	\$ (23,858,579)
Expected income tax recovery at statutory tax rate of 26.5%	\$ (2,422,000)	\$ (6,323,000)
Permanent differences	80,000	71,000
Equity loss from Green Star joint venture	173,000	5,235,000
Withholding taxes	136,595	235,075
Change in unrecognized deferred tax asset	2,169,000	1,017,000
Income tax expense	\$ 136,595	\$ 235,075

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2025	2024
Deferred tax assets (liabilities)		
Marketable securities	\$ (167,929)	\$ (34,105)
Non-capital losses	167,929	34,105
Net deferred tax assets	\$ -	\$ -

The Company has not recognized deferred tax assets in respect of the following deductible temporary differences:

	2025	Expiry Date Range
Royalty and stream interests	\$ 12,622,000	N/A
Non-capital losses available for future period	9,210,000	2039-2045

The Company has a \$4.8 million (2024 - \$5.3 million) taxable temporary difference associated with the investment in Green Star joint venture on which no deferred tax liability has been recognized.

**14. SUBSEQUENT EVENTS**

Subsequent to December 31, 2025, the Company entered into the following transactions:

- a) Minera Alamos completed a 10-for-1 share consolidation on the TSX Venture Exchange effective January 5, 2026. On a post-consolidation basis, the Company owned 734,279 common shares immediately following the share consolidation. In January 2026, the Company sold 180,000 common shares of Minera Alamos for net proceeds of \$714,711.
- b) On March 18, 2026, the Company granted 920,000 restricted share units ("RSUs"), comprised of 650,000 cash-settled RSUs and 270,000 equity-settled RSUs, to certain members of management and the board of directors. The RSUs vest over a three-year period in equal annual instalments on each anniversary of the grant date.

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**14. SUBSEQUENT EVENTS (CONTINUED)**

- c) On March 18, 2026, the Company issued 698,168 common shares valued at \$254,168 (CAD\$349,084) in settlement of vested RSUs. In addition, the Company issued 1,065,000 common shares valued at \$387,713 (CAD\$532,500) in relation to compensation.