



FINANCIAL INFORMATION

QUARTER END REPORT

September 30, 2016

STAR MOUNTAIN RESOURCES, INC.

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OTC PINK DISCLOSURE OBLIGATIONS

NAME OF THE ISSUER AND ITS PREDECESSORS (WITHIN PAST FIVE YEARS)

Star Mountain Resources, Inc.
Formerly Jameson Stanford Resources Corporation until 12-2014
Formerly MyOtherCountryClub.com until 4-2012

ADDRESS OF THE ISSUER'S PRINCIPAL EXECUTIVE OFFICES

8307 Shaffer Pkwy, STE 201
Littleton, CO 80127
Telephone (844) 443-7677
www.starmountainresources.com

SECURITY INFORMATION

Trading Symbol: SMRS
CUSIP: 855155107

Exact title and class of securities outstanding:

STAR MOUNTAIN RESOURCES, INC. COMMON STOCK

Par or Stated Value: \$0.001
Total shares authorized: 350,000,000 as of: September 30, 2016
Total shares outstanding: 38,151,229 as of: September 30, 2016

STAR MOUNTAIN RESOURCES, INC. SERIES B PREFERRED STOCK

Par or Stated Value: \$0.001
Total shares authorized: 100,000 as of: September 30, 2016
Total shares outstanding: 5,000 as of: September 30, 2016

STAR MOUNTAIN RESOURCES, INC. SERIES C PREFERRED STOCK

Par or Stated Value: \$0.001
Total shares authorized: 5,000,000 as of: September 30, 2016
Total shares outstanding: 3,130,000 as of: September 30, 2016

Transfer Agent

VStock Transfer LLC
18 Lafayette Place
Woodmere, NY 11598
212-828-8436

VStock Transfer LLC is registered under the Exchange Act.

Describe any trading suspension orders issued by the SEC in the past 12 months:

None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On November 2, 2015, the Company acquired a 100% interest in Northern Zinc, LLC, a Nevada limited liability company ("Northern Zinc"), pursuant to an October 13, 2015 purchase agreement the Company entered into with Northern Zinc and its sole member, Aviano Financial Group, LLC, a Delaware limited liability company ("Aviano") (the "Northern Zinc Purchase Agreement"). Northern Zinc and Aviano are unrelated third parties. Concurrent with the Company's purchase of Northern Zinc, Northern Zinc acquired (a) 100% of the issued and outstanding common stock of Balmat Holding Corporation ("Balmat") and its wholly owned subsidiary, St. Lawrence Zinc Company, LLC, ("SLZ") the owner of the mining property known as the Balmat Zinc Mine and (b) certain mining and processing equipment pursuant to an October 13, 2015 purchase agreement the Company entered into with Northern Zinc, HudBay Minerals Inc. ("Hudbay"), Balmat and SLZ (the "Balmat Purchase Agreement"). Balmat, SLZ and Hudbay were unrelated third parties. The Balmat Mine is located in upstate New York. On October 27, 2016, Star Mountain signed a binding letter of intent with an unrelated party in a transaction negotiated at arm's length to sell the Company's 100% ownership interest in Balmat.

ISSUANCE HISTORY

Common Stock

<u>Date</u>	<u>Nature of Offering</u>	<u># Shares</u>	<u>Price</u>	<u>Trading Status</u>	<u>Restricted Legend</u>
December 31, 2013		40,253,862			
February 27, 2014	Services Rendered	650,000	\$ 0.70	Unregistered	Yes
September 22, 2014	Shares Cancelled - default judgment	(25,000,000)			
October 1, 2014	Shares Cancelled - negotiated agreement	(3,860,000)			
October 1, 2014	Shares Cancelled - negotiated agreement	(500,000)			
October 22, 2014	Conversion of convertible debt	2,226,867	\$ 0.50	Unregistered	Yes
October 22, 2014	Conversion of convertible debt	1,124,000	\$ 0.50	Unregistered	Yes
October 22, 2014	Cashless exercise of warrants	750,000	\$ 0.50	Unregistered	Yes
November 25, 2014	Services Rendered	2,325,000	\$ 0.88	Unregistered	Yes
December 31, 2014		17,969,729			
February 2, 2015	Shares Cancelled - default judgment	(910,000)			
March 1, 2015	Services Rendered	50,000	\$ 1.20	Unregistered	Yes
March 17, 2015	Claim Settlement	114,000		Unregistered	Yes
May 15, 2015	Services Rendered	1,550,000	\$ 1.10	Unregistered	Yes
June 30, 2015	Private Placement	310,000	\$ 0.34	Unregistered	Yes
June 30, 2015	Private Placement - Unit Offering	2,280,000		Unregistered	Yes
July 28, 2015	Private Placement - Unit Offering	110,000		Unregistered	Yes
September 30, 2015	Services Rendered	2,150,000	\$ 1.10	Unregistered	Yes
September 30, 2015	Services Rendered	100,000	\$ 1.10	Unregistered	Yes
September 30, 2015	Shares issued for acquisition	500,000	\$ 0.29	Unregistered	Yes
October 28, 2015	Shares issued for acquisition	50,000	\$ 0.29	Unregistered	Yes
October 31, 2015	Series C Preferred Offering	3,130,000		Unregistered	Yes
November 2, 2015	Shares issued for acquisition	10,000,000	\$ 0.29	Unregistered	Yes
November 10, 2015	Convertible Note Offering	437,500		Unregistered	Yes
December 22, 2015	Private Placement - Unit Offering	110,000		Unregistered	Yes
December 31, 2015		37,951,229			
January 1, 2016	Services Rendered	200,000	\$ 0.66	Unregistered	Yes
February 24, 2016	Services Rendered	150,000	\$ 0.51	Unregistered	Yes
May 27, 2016	Shares Cancelled - Services Rendered	(150,000)	\$ 0.66		
September 30, 2016		38,151,229			

The securities referenced herein were issued in reliance upon the exemption from securities registration afforded by the provisions of Section 4(a)(2) of the Securities Act of 1933, as amended, ("Securities Act"), and/or Regulation D, as promulgated by the U.S. Securities and Exchange Commission under the Securities Act.

Options

On March 1, 2015, as part of an employment agreement, the Company granted an option to purchase 250,000 shares of the Company's common stock with an exercise price of \$0.50 per share. The option vested as follows: 50,000 shares upon execution of the employment agreement; 50,000 shares each on March 31, 2015; June 30, 2015; September 30, 2015; and December 31, 2015.

Warrants

The Company's outstanding warrants, each exercisable for one of the Company's common shares, were issued to investors in connection with offerings of the Company that closed on June 30, 2015; October 31, 2015; and November 2, 2015. In addition, warrants were issued as part of the consideration for the May 2016 Bridge Loans. The exercise price and exercise period are outlined below:

	Total Warrants	Exercise Price	Expiration Date
June 30, 2015 Offering	2,500,000	\$ 1.00	6/30/2018
October 31, 2015 Offering - Series A Warrants	3,130,000	\$ 0.75	10/31/2017
October 31, 2015 Offering - Series B Warrants	3,130,000	\$ 1.50	10/31/2018
November 10, 2015 Offering	437,500	\$ 2.00	11/10/2018
May 2016 Bridge Loans	250,000	\$ 1.00	6/28/2019
	9,447,500		

Convertible Debt

See Notes Payable – Related Parties within Note 10 – Debt for a detailed description of the convertible notes issued on November 10, 2015.

FINANCIAL STATEMENTS

STAR MOUNTAIN RESOURCES, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (US dollars in thousands, except share amounts)

	<u>September 30, 2016</u> (unaudited)	<u>December 31, 2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 307	\$ 1,201
Restricted cash	79	-
Prepaid and other	165	333
Parts and supplies inventory	499	500
Total current assets	1,050	2,034
Land	1,876	1,876
Property & equipment, net	23,432	24,552
Mineral reserves	3,165	3,165
Mineral rights	3,660	3,684
Restricted cash – reclamation deposits	1,688	1,688
TOTAL ASSETS	\$ 34,871	\$ 36,999
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,122	\$ 404
Accounts payable - related party	79	19
Notes Payable, net of unamortized debt issuance costs	3,448	1,380
Notes payable - related parties, net of discounts	864	770
Purchase price obligation – Balmat acquisition	500	500
Stipulated agreement liability	79	79
Total current liabilities	6,092	3,152
Asset retirement obligation	17,906	17,906
Purchase price obligation – Balmat acquisition	12,861	11,931
Total long term liabilities	30,767	29,837
Total Liabilities	36,859	32,989
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, 50,000,000 authorized, \$0.001 par value, consisting of Series B preferred stock, 100,000 shares authorized, 5,000 and 5,000 shares issued and outstanding, respectively, and Series C preferred stock, 5,000,000 shares authorized, 3,130,000 and 3,130,000 shares issued and outstanding, respectively	3	3
Common stock, authorized 350,000,000 shares, \$0.001 par value, 38,151,229 and 37,951,229 issued and outstanding, respectively	38	38
Common stock subscribed	27	27

Additional paid in capital	18,586	18,476
Accumulated deficit	<u>(20,642)</u>	<u>(14,534)</u>
Total Stockholders' Equity (Deficit)	<u>(1,988)</u>	<u>4,010</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 34,871</u>	<u>\$ 36,999</u>

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

STAR MOUNTAIN RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(US dollars in thousands, except share amounts)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
OPERATING EXPENSES				
Compensation	\$ 149	\$ 470	\$ 391	\$ 1,093
Exploration and development costs	28	48	167	160
Mine maintenance costs	559	-	1,544	-
Depreciation and amortization	382	1	1,147	4
Accretion expense	206	-	618	-
General and administrative	349	1,225	1,415	2,685
Total Operating Expenses	<u>1,673</u>	<u>1,744</u>	<u>5,282</u>	<u>3,942</u>
Loss from Operations	(1,673)	(1,744)	(5,282)	(3,942)
OTHER INCOME (EXPENSE)				
Interest income	2	-	7	-
Interest expense	(345)	(8)	(520)	(27)
Unrealized gain (loss)	206	-	(313)	-
Total Other Income (Expense)	<u>(137)</u>	<u>(8)</u>	<u>(826)</u>	<u>(27)</u>
NET LOSS	<u>\$ (1,810)</u>	<u>\$ (1,752)</u>	<u>\$ (6,108)</u>	<u>\$ (3,969)</u>
Basic and Diluted Loss Per Share	<u>\$ (0.05)</u>	<u>\$ (0.08)</u>	<u>\$ (0.16)</u>	<u>\$ (0.21)</u>
Weighted Average Number of Common Shares Outstanding	<u>38,151,229</u>	<u>21,501,229</u>	<u>38,191,705</u>	<u>19,006,110</u>

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

STAR MOUNTAIN RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(US dollars in thousands)
(unaudited)

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Cash flows from operating activities		
Net loss	\$ (6,108)	\$ (3,969)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,147	4
Shares and warrants issued for services	209	3,247
Stock options	-	171
Accretion expense	618	-
Change in estimate of asset retirement obligation	(618)	-
Change in estimate of purchase price obligation – Balmat acquisition	931	-
Amortization of debt discount	239	-
Cancellation of shares	(99)	-
Loss on disposition of mineral properties	24	-
Changes in operating assets and liabilities		
Prepaid expense	168	-
Restricted cash	(79)	-
Accounts payable and accrued expenses	477	(52)
Accounts payable - related party	(5)	21
Accrued interest	53	-
Accrued interest - related party	66	27
Accrued compensation	165	-
Net cash used in operating activities	<u>(2,812)</u>	<u>(551)</u>
Cash flows from investing activities		
Purchase of equipment	<u>(5)</u>	<u>-</u>
Net cash used in investing activities	<u>(5)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issuance of notes payable	2,934	-
Payments on notes payable	(1,011)	-
Proceeds from issuance of common stock	-	1,180
Common stock subscribed	-	55
Proceeds from loan payable – related party	250	262
Payments on loan payable – related party	<u>(250)</u>	<u>-</u>
Net cash provided by financing activities	<u>1,923</u>	<u>1,497</u>
Net increase (decrease) in cash	<u>(894)</u>	<u>946</u>
Cash, beginning of period	<u>1,201</u>	<u>46</u>
Cash, end of period	<u><u>\$ 307</u></u>	<u><u>\$ 992</u></u>

Supplemental Information:

Cash paid for:

Taxes	\$ -	\$ -
Interest Expense	\$ 154	\$ -
Non-cash investing and financing activities		
Stock issued for future services	\$ 110	\$ 1,514
Stock issued for settlement of related party debt	-	169
Stock issued for investment in acquisition	-	550

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

STAR MOUNTAIN RESOURCES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(US dollars in thousands, except share amounts)
(unaudited)

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

Star Mountain Resources, Inc. and subsidiaries (the “Company”, “we”, “us”, “our”) is a minerals exploration company focused on acquiring and consolidating mining claims, mineral leases, producing mines, and historic mines with production and future growth potential identified through our exploration efforts.

On November 2, 2015, the Company acquired a 100% interest in Northern Zinc, LLC, a Nevada limited liability company (“Northern Zinc”), pursuant to an October 13, 2015 purchase agreement the Company entered into with Northern Zinc and its sole member, Aviano Financial Group, LLC, a Delaware limited liability company (“Aviano”) (the “Northern Zinc Purchase Agreement”). Northern Zinc and Aviano are unrelated third parties. Concurrent with the Company’s purchase of Northern Zinc, Northern Zinc acquired (a) 100% of the issued and outstanding common stock of Balmat Holding Corporation (“Balmat”) and its wholly owned subsidiary, St. Lawrence Zinc Company, LLC, (“SLZ”) the owner of the mining property known as the Balmat Zinc Mine and (b) certain mining and processing equipment pursuant to an October 13, 2015 purchase agreement the Company entered into with Northern Zinc, HudBay Minerals Inc. (“Hudbay”), Balmat and SLZ (the “Balmat Purchase Agreement”). Balmat, SLZ and Hudbay were unrelated third parties. The Balmat Mine is located in upstate New York. See Note 3 for further details.

On October 27, 2016, the Company signed a binding letter of intent with an unrelated party to sell the Company’s 100% ownership interest in Balmat. See Note 14 for further details.

NOTE 2 – GOING CONCERN

The unaudited condensed consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses the past two years and had total current assets of \$1,050 and total current liabilities of \$6,092, resulting in a negative working capital balance of \$5,042 as of September 30, 2016. Further losses are anticipated in the conduct of its business. In view of these matters, there is substantial doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations. Management plans to finance the Company’s operating costs over the next twelve months with the proceeds from the proposed sale of Balmat assets, debt financing, and/or the issuance of the Company’s securities. There can be no assurance that we will be able to raise the necessary financing on acceptable terms or at all. If management is unsuccessful in these efforts, discontinuance of operations is possible. The unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3 – BALMAT ACQUISITION

On November 2, 2015, the Company completed the acquisition of Northern Zinc. Concurrent with the Company’s acquisition of Northern Zinc, Northern Zinc acquired Balmat and its wholly owned subsidiary, SLZ (together referred to as the “Balmat Acquisition”). Each of the agreements is outlined further below.

Northern Zinc Purchase Agreement

Pursuant to the terms of the Northern Zinc Purchase Agreement, we issued 10,000,000 shares of our unregistered common stock to Aviano and assumed \$1,390 in debts of Aviano in exchange for 100% of Northern Zinc’s membership interests previously owned by Aviano. We also entered into a corporate development consulting agreement with David Linsley, a principal of Northern Zinc; appointed Wayne Rich as our Chief Financial Officer; agreed to appoint two members to our board of directors designated by Aviano; and offered advisory board positions for a period of at least three years to three other individuals associated with Aviano.

Balmat Purchase Agreement

Upon closing, we acquired 100% of the issued and outstanding common stock of Balmat from Hudbay for a cash purchase price ranging from \$8,500 to \$17,000 (the “Balmat Cash Amount”) and issued Hudbay 550,000 shares of our unregistered common stock. Subsequent to closing, and in accordance with the purchase agreement, we issued Hudbay an additional 79,155 shares of our unregistered common stock.

STAR MOUNTAIN RESOURCES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(US dollars in thousands, except share amounts)
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The Balmat Cash Amount is able to be satisfied in any of the following ways:

Option 1. Under this option, \$1,500 was paid at closing and the balance of \$15,500 will be paid as follows:

- \$500 upon completion of the first shipment of ore concentrate from the Balmat Mine;
- \$5,000 on the 12-month anniversary of the first shipment of ore concentrate from the Balmat Mine; and
- \$2,500 on each of the following dates from the first shipment of ore concentrate from the Balmat Mine: 18th month, 24th month, 30th month and the 36th month.

Option 2. Under this option, with proper notice to Hudbay within three months of the closing date (which has since passed), the Balmat Cash Amount would have been reduced to \$8,500: \$1,500 of which was paid upon closing, and the balance of \$7,000 was to have been paid within three days after proper notice to Hudbay.

Under Option 2, Northern Zinc would also have immediately assumed all environmental liabilities in respect of the Balmat Mine and all liabilities relating to or arising from any claims by existing or former employees relating to employment, termination, on-the-job injuries or death, unsafe working conditions or exposure to potentially harmful substances and waive its right to indemnification by Hudbay in respect of certain damages identified in the purchase agreement with Hudbay.

Option 3. Under this option, with proper notice to Hudbay within 30 days before the 12-month anniversary of the first shipment of ore concentrate from the Balmat Mine, the Balmat Cash Amount will be reduced to \$16,000: \$1,500 of which was paid upon closing with the balance of \$14,500 being paid as follows:

- \$400 upon completion of the first shipment of ore concentrate from the Balmat Mine; and
- \$4,700 on each of the following dates from the first shipment of ore concentrate from the Balmat Mine: 12th month, 18th month and 24th month.

Notwithstanding the above Balmat Cash Amount options, if any portion of the purchase price has not been paid under Options 1 or 3 within 48 months of the closing date (or 54 months of the closing date if we have not elected one of the options) then the entire unpaid balance shall be immediately due and payable no later than the end of the 48th or 54th month, respectively.

The acquisition was accounted for as a business acquisition requiring measurement of acquired assets and assumed liabilities at their estimated fair value in applying purchase accounting. The estimated fair values are based on market participant assumptions.

Upon the completion of this acquisition, the Company acquired the following assets and assumed the following liabilities:

Assets received:	
Cash	\$ 72
Prepaid expense	163
Spare parts inventory	500
Land	1,855
Buildings	850
Machinery and equipment	23,903
Mineral reserves	3,165
Mineral rights	3,660
Restricted cash – surety bond	1,664
Total assets received	\$ 35,832
Liabilities assumed:	
Loans payable	1,390
Asset retirement obligation	17,906
Liabilities	28
Total liabilities assumed	\$ 19,324
Total consideration paid	\$ 16,508

STAR MOUNTAIN RESOURCES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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The consideration paid was comprised of \$1,000 in cash, \$12,431 in a deferred payment liability, and 10,628,857 shares of the Company's stock (which includes 79,155 shares issued to Hudbay as part of the acquisition purchase price as of September 30, 2016) valued at \$3,078.

The acquisition has generated no revenues for us since the November 2, 2015 acquisition date.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted principles for interim financial statements. Accordingly, these unaudited condensed consolidated financial statements do not include certain information and note disclosures that are normally included in annual financial statements prepared in conformity with U.S. GAAP. Therefore, the unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. In the opinion of management, all adjustments which are necessary for a fair presentation of the financial information for the interim periods reported have been made. All such adjustments are of a normal, recurring nature. The interim results of operations for the nine months ended September 30, 2016 are not necessarily indicative of the results that can be expected for the entire year ending December 31, 2016.

Recent Accounting Pronouncements

In August 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The amendments in this ASU are effective for reporting periods beginning after December 15, 2016, with early adoption permitted. We are currently assessing the impact the adoption of ASU 2014-15 will have on our financial statements and related disclosures.

In April 2016, FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"). ASU 2016-09 is intended to improve the accounting for share-based payment transactions as part of its simplification initiative. This ASU is effective for reporting periods beginning after December 15, 2016, with early adoption permitted. We are currently assessing the impact the adoption of ASU 2016-09 will have on our financial statements and related disclosures.

STAR MOUNTAIN RESOURCES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company continually monitors its cash positions with, and the credit quality of, the financial institutions with which it invests. The Company maintains balances in various U.S. financial institutions in excess of U.S. federally insured limits. The Company's balances of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, and notes payable approximate fair value.

The following table presents information about financial instruments recognized at fair value on a recurring basis as of September 30, 2016 and December 31, 2015, and indicates the fair value hierarchy:

	September 30, 2016				December 31, 2015			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets								
Reclamation deposits	-	\$ 1,688	-	1,688	-	\$ 1,688	-	1,688
Total financial assets	\$ -	\$ 1,688	\$ -	\$ 1,688	\$ -	\$ 1,688	\$ -	\$ 1,688
Liabilities								
Purchase price obligation – Balmat Acquisition	-	-	13,361	13,361	-	-	12,431	12,431
Asset retirement obligation	-	-	17,906	17,906	-	-	17,906	17,906
Total financial assets and liabilities	\$ -	\$ 1,688	\$ 31,267	\$ 32,955	\$ -	\$ 1,688	\$ 30,337	\$ 32,025

The fair value of the Company's purchase price obligation was estimated using a probability-weighted discounted cash flow model in order to arrive at a fair value of the liability. A discounted cash flow model was used to calculate the net present value of the remaining payment options (Option 1 and Option 3) to satisfy the outstanding purchase price obligation. See Note 3 – Balmat Acquisition for a detailed description of each payment option able to satisfy the remaining obligation. An estimated probability weighting was then assigned to each option's estimated net present value to arrive at the overall estimated fair value. Significant unobservable inputs include management's estimated timing of activities (including option election dates and timing of first concentrate shipments) associated with payments due under the agreement as well as the 5.6% discount rate applied within the model. Acceleration of timing of elections or shipments of first concentrates would accelerate payments due, therefore increasing the net present value of a given payment option. An upward/downward adjustment to the discount rate would result in an inverse effect on the overall fair value, all else being equal.

The fair value of the Company's asset retirement obligation was estimated using a discounted cash flow model to estimate the fair value of the liability. Significant unobservable inputs include management's cost estimates and the estimated timing of those costs, the annual inflation rate applied to cost estimates and the discount rate used to discount the inflated cost estimates. The undiscounted costs of reclamation were estimated at \$19,126 and are expected to be incurred over the next 28 years. A 3.6% annual inflation rate and 4.6% discount rate were applied. Any upward/downward adjustments to the estimated costs or inflation rate would result in a corresponding adjustment to the fair value estimate, all else being equal. An upward/downward adjustment to the discount rate would result in an inverse effect on the overall fair value, all else being equal.

NOTE 6 – RESTRICTED CASH

As of September 30, 2016 and December 31, 2015, the Company had current restricted cash balances of \$79 and zero, respectively. The September 30, 2016 balance includes funds held in escrow by TCA related to an obligation associated with the stipulated agreement liability. These restricted funds will become unrestricted upon satisfaction of proof of payment, release of the liability or repayment of the TCA Global debt.

NOTE 7 – PREPAID EXPENSES AND OTHER

As of September 30, 2016 and December 31, 2015, the Company had prepaid expenses totaling \$165 and \$333, respectively. These balances include prepayments associated with property taxes, insurance premiums and consulting contracts. All amounts are being amortized over the time period associated with the prepaid expense.

STAR MOUNTAIN RESOURCES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(US dollars in thousands, except share amounts)
(unaudited)

NOTE 8 – PROPERTY, PLANT and EQUIPMENT

As of September 30, 2016 and December 31, 2015, property, plant and equipment consisted of the following:

	<u>September 30, 2016</u>			<u>December 31, 2015</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings	\$ 892	\$ 81	\$ 811	\$ 892	\$ 16	\$ 876
Machinery & Equipment	18,911	1,235	17,676	18,911	231	18,680
Mobile Equipment	4,984	89	4,895	4,984	16	4,968
Office Furniture & Equipment	38	10	28	33	5	28
Construction in Progress	22	-	22	-	-	-
	<u>\$ 24,847</u>	<u>\$ 1,415</u>	<u>\$ 23,432</u>	<u>\$ 24,820</u>	<u>\$ 268</u>	<u>\$ 24,552</u>

Depreciation expense for the nine months ended September 30, 2016 and 2015 was \$1,147 and \$4, respectively.

NOTE 9 – RELATED PARTY TRANSACTIONS

2016

On May 12, 2016, Joseph Marchal, the Company’s CEO and Executive Chairman, and Edward Brogan, one of the Company’s Directors, each loaned the Company \$125 bearing interest at 15% per annum (“May 2016 Bridge Loans”). The loans were repaid in full upon closing of the TCA Global debt on June 28, 2016.

As of September 30, 2016, the Company owed Mr. Marchal and Mr. Brogan \$300 and \$655, respectively, inclusive of interest, for outstanding notes issued on November 10, 2015. See Note 10 for further details.

2015

Mr. Marchal loaned the Company an aggregate of \$270 in cash and paid expenses totaling \$62 on behalf of the Company at various times during the nine months ended September 30, 2015. In addition, Mr. Marchal agreed to convert \$141 of outstanding loans as part of the Unit Offering that closed on June 30, 2015. As of September 30, 2015, the Company owed Mr. Marchal a total of \$375 for amounts advanced to the Company. For the nine months ended September 30, 2015, the Company recorded \$25 in interest expense related to loans from Mr. Marchal.

Mr. Brogan purchased \$250 worth of units in the Unit Offering that closed on June 30, 2015.

On March 1, 2015, Mark Osterberg, the Company’s President and COO, was issued 50,000 shares as a one-time signing bonus as part of his employment agreement. The value of the shares was estimated at \$1.20 per share.

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During the nine months ended September 30, 2015, related parties were issued shares of common stock for services rendered in lieu of cash compensation. These shares were issued at \$1.10 per share. The related party, date of issuance and number of shares are outlined below:

Related Party	Date of Issuance	Number of Shares Issued
Joseph Marchal, CEO and Executive Chairman	May 15, 2015	500,000
Edward Brogan, Director	May 15, 2015	250,000
Donna Moore, Controller and CAO*	May 15, 2015	50,000
Doug MacLellan, Director*	May 15, 2015	50,000
Donald Sutherland, Director	May 15, 2015	50,000
Mark Osterberg, President and COO	May 15, 2015	50,000
John Heizing, Operations Manager*	May 15, 2015	100,000
Summit Capital USA, Inc.*	May 15, 2015	500,000
Joseph Marchal, CEO and Executive Chairman	September 30, 2015	1,000,000
Edward Brogan, Director	September 30, 2015	1,000,000
Donna Moore, Controller and CAO*	September 30, 2015	50,000
Doug MacLellan, Director*	September 30, 2015	50,000
Donald Sutherland, Director	September 30, 2015	50,000
TOTAL		3,700,000

*These parties were related parties at the time of the transaction, but are no longer related parties

Summit Capital USA, Inc. was also issued 5,000 share of preferred stock for services rendered during the nine months ended September 30, 2015.

NOTE 10 – DEBT

The Company's current debt balance at September 30, 2016 is net of reductions of \$422 for unamortized discounts and unamortized debt issuance costs; and at December 31, 2015 there were no reductions. The components of debt follow:

	September 30, 2016	December 31, 2015
Aviano Note Payable	\$ 600	\$ 850
Fognani Note Payable	50	440
DANC Note Payable	500	-
Less: Deferred financing fees	(5)	-
	495	-
TCA Global Note Payable	2,720	-
Less: Deferred financing fees	(417)	-
	2,303	-
Other	-	90
Total current debt	\$ 3,448	\$ 1,380

Stipulated Agreement Liability

The Company entered into an agreement with Michael Christiansen ("Christiansen"), a former officer of the Company on August 13, 2013 (the "Stipulated Agreement") to pay Christiansen \$123 (the "Amount Due") relating to a promissory note, accrued compensation and out-of-pocket expenses incurred on behalf of the Company. The payment of this agreement is in default. Subject to completion of the payments due under the agreement, the parties agreed to release certain claims against each other related to or arising in connection with the matters that gave rise to our agreement to pay the Amount Due. At September 30, 2016 and December 31, 2015, the remaining liability of \$79 is recorded as Stipulated Agreement Liability in the accompanying unaudited condensed consolidated financial statements.

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Notes Payable

Aviano Note Payable

On November 2, 2015, the Company issued an \$850 promissory note bearing interest at 8% per annum as part of the Balmat Acquisition (see Note 3), of which \$750 was payable within ten days of issuance with the remaining \$100 to be paid no later than November 2, 2016, or such earlier date as the Company has completed a transaction resulting in cash proceeds of at least \$6,000. As of September 30, 2016, the Company had paid \$250 of this promissory note and had recorded \$48 of accrued interest associated with this note (\$37 during the nine months ended September 30, 2016).

Fognani Note Payable

On November 2, 2015, the Company issued a \$540 promissory note bearing interest at 8% per annum for payment of legal fees relating to the Balmat Acquisition. The Company is obligated to pay \$50 per month for ten consecutive months with a final payment of \$40 plus accrued interest due on the 15th day of the eleventh month. As of September 30, 2016, the Company had paid \$490 of this loan and had recorded \$22 of accrued interest associated with this note (\$15 during the nine months ended September 30, 2016). As of September 30, 2016, we were delinquent in our payments under the terms of this note.

DANC Note Payable

On March 15, 2016, the Company issued a \$500 promissory note bearing interest at 2.3% per annum to the Development Authority of the North Country, a New York public benefit trust ("DANC"). The maturity date of the note is April 1, 2017, and the Company is obligated to pay interest-only payments on a monthly basis beginning April 1, 2016. Pursuant to the terms of the note, SLZ granted a security interest in certain of its machinery and equipment as well as mining rights to DANC. In addition, unconditional guarantees were provided by Balmat, Northern Zinc and Star Mountain. The Company paid \$6 in interest during the nine months ended September 30, 2016. Net proceeds received after fees were \$490.

TCA Global Note Payable

On June 28, 2016 the Company entered into and completed the transactions contemplated by the Securities Purchase Agreement (the "SPA") it entered into with TCA Global Credit Master Fund, LP, a limited partnership organized and existing under the laws of the Cayman Islands ("TCA Global"), whereby the Company agreed to sell and issue to TCA Global up to \$5,000 of senior secured convertible, redeemable debentures (the "Debenture"), of which \$3,000 was purchased by TCA Global on the Closing Date for the total purchase price of \$3,000. Up to \$2,000 of additional Debentures may be purchased in additional closings by TCA Global upon our mutual agreement with TCA Global.

Pursuant to the SPA, the Company issued the Debenture to TCA Global in the principal amount of \$3,000 which bears interest at 18% per annum. The Company agreed to make monthly payments of principal and interest to TCA Global provided the first two monthly payments after the Closing Date consisted of interest only. Beginning with the third month after the Closing Date, the entire principal amount is being amortized in equal payments over the next 10 months along with interest on the unpaid balance until the maturity date which is 12 months after the Closing Date. In the event of default under any term or condition of the Debenture, the interest on the Debenture will accrue at the rate of 22% per annum until it is paid.

The Company has the right to redeem the Debenture in full and for cash, at any time prior to the maturity date, with three business days advance written notice to TCA Global. The amount required to redeem the Debenture in full is equal to: (i) the aggregate principal amount then outstanding under the Debenture; plus all accrued and unpaid interest due under the Debenture as of the redemption date. The Company is required to deliver the redemption amount to TCA Global on the third business day after the date of the redemption notice.

TCA Global may at any time and from time to time while the Debenture is outstanding on or after the Closing Date, during the period of time when an event of default has occurred under the Debenture and remains uncured and at the sole option of TCA Global, convert the Debenture into shares of our common stock (the "Conversion Shares") at a conversion price equal to: (i) the amount to be converted; divided by (ii) eighty-five percent (85%) of the lowest of the volume weighted average price of our common stock during the five (5) trading days immediately prior to a conversion date. The Company agreed to give TCA Global make-whole rights whereby the Company agreed that upon liquidation by TCA Global of the Conversion Shares, provided that TCA Global realizes a net amount from

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such liquidation equal to less than the conversion amount specified in the relevant conversion notice (such net realized amount, the “Realized Amount”), the Company agreed to issue to TCA Global additional shares of our common stock equal to: (i) the conversion amount; minus (ii) the Realized Amount; divided by (iii) the average volume weighted average price of our Common Stock during the five (5) Business Days immediately prior to the date upon which TCA Global delivers notice to the Company that such additional shares are requested by TCA Global. Following the sale of the make-whole shares by TCA Global: (i) in the event that TCA Global receives net proceeds from such sale which, when added to the Realized Amount from the prior relevant conversion notice, is less than the conversion amount specified in the relevant conversion notice, TCA Global shall deliver an additional make-whole notice to us and our obligation to issue make-whole shares shall continue until the conversion amount has been fully satisfied; and (ii) in the event that TCA Global received net proceeds from the sale of make-whole shares in excess of the conversion amount specified in the relevant conversion notice, such excess amount shall be applied to satisfy any and all amounts owed hereunder in excess of the conversion amount specified in the relevant conversion notice.

On October 27, 2016 and in conjunction with the Company’s announced signing of a binding letter of intent with an unrelated party to sell the Company’s 100% ownership interest in Balmat, the TCA Global note was purchased by and assigned to this unrelated party with the Company to be released from its obligations under the Debenture subject to the completion of the contemplated Balmat sales transaction. See Note 14 for further details.

Negative Covenants

Pursuant to the terms of the SPA, the Company agreed that it would not take any of the following actions so long as the Debenture remains outstanding:

- Incur or assume any additional indebtedness or permitting any encumbrances on any of our assets except as provided for in the SPA or approved by TCA Global.
- Make any new investments.
- Issue any new equity, debt or convertible or derivative instruments or securities that would result in a Change of Control.
- Enter into any transaction involving a “Change of Control”, or any other merger, consolidation, sale, transfer, license, Lease, Encumbrance or other disposition of all or substantially all of its properties or business or all or substantially all of its Assets, except for the sale, lease or licensing of property or our assets in the Ordinary Course of our business.
- Purchase or redeem any shares of our capital stock; (ii) declare or pay any dividends or distributions, whether in cash or otherwise, or set aside any funds for any such purpose; (iii) make any distribution to its shareholders, make any distribution of our property or Assets or make any loans, advances or extensions of credit to, or investments in, any Person, including, without limitation, any our Affiliates, or our officers, directors, employees or Material Shareholder; (iv) pay any of our outstanding indebtedness, except for indebtedness and other Obligations permitted under the SPA; (v) increase the annual salary paid to any of our officers or directors, unless any such increase is part of a written employment contract with any such officers entered into prior to the Closing Date; or (vi) add, replace, remove, or otherwise change any directors or officers of the Credit Parties from the directors and officers existing as of the Closing Date, unless first approved by TCA Global in writing, which approval may be granted or withheld or conditioned by TCA Global in its sole and absolute discretion.
- Use any portion of the proceeds of the Debentures except as provided for in the use of proceeds confirmation approved by TCA Global in its sole and absolute discretion.
- Engage in any line of business other than the businesses engaged in as of the Closing Date and business reasonably related thereto; (ii) change its name, organizational identification number (if applicable), its type of organization, its jurisdiction of organization or other legal structure; or (iii) permit its Certificate of Incorporation, Bylaws or other organizational documents to be amended or modified in any way which could reasonably be expected to have a material adverse effect.
- Enter into any transaction with any of its Affiliates, officers, directors, employees, Material Shareholders or other insiders, except in the Ordinary Course of Business and upon fair and reasonable terms that are no less favorable to us

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than the Company would obtain in a comparable arm's length transaction with a Person not an Affiliate of ours.

- Maintain any bank, deposit, credit card payment processing accounts, or other accounts with any financial institution, or any other Person, other than our accounts listed in the SPA without TCA Global's prior written approval, which approval may be withheld or conditioned in TCA Global's sole and absolute discretion.

Transaction and Advisory Fees and Expenses

The Company paid TCA Global a commitment fee equal to one percent (1%) of the amount of the Debentures purchased by TCA Global on the Closing Date. In the event of any additional closings, the Company agreed to pay TCA Global a commitment fee equal to one percent (1%) of the amount of the Debentures purchased by TCA Global at any such additional closings. In addition, the Company paid TCA Global a due diligence fee equal to \$15 on the Closing Date. The Company also agreed to pay TCA Global's legal fees and expenses of incurred by TCA Global in connection with: (i) the preparation, negotiation, execution, delivery, recordation, administration, amendment, subordination, waiver or other modification or termination of the SPA or any other documents related thereto (the "Transaction Document"); (ii) any documentary stamp taxes, intangibles taxes, recording fees, filing fees, or other similar taxes, fees or charges imposed by or due to any Governmental Authority in connection with the SPA or any other Transaction Documents; (iii) the exercise or enforcement of any of the rights of TCA Global under the SPA or the Transaction Documents; or (iv) the failure by the Credit Parties to perform or observe any of the provisions of the SPA or any of the Transaction Documents. Included in the foregoing shall be the amount of all expenses paid or incurred by TCA Global in consulting with counsel concerning any of its rights under the SPA or any other Transaction Document or under applicable law. In addition, the Company paid TCA Fund Management Group an advisory fee of \$300 on the Closing Date pursuant to the terms of an Advisory Services Agreement. Net proceeds received after fees were \$2,444.

During the nine months ended September 30, 2016, the Company paid TCA Global \$280 in principal and \$135 in interest payments.

Collateral

To secure our obligations under the Debenture, the Company entered into a Security Agreement covering all of our assets, a pledge agreement covering our ownership interest in our subsidiaries and our subsidiaries entered into security agreements covering all of their assets and pledge agreements covering their ownership interest in their subsidiaries (our indirect subsidiaries) (collectively, the "Pledge Agreements"), our wholly owned, indirect subsidiary St. Lawrence Zinc Company, LLC entered into a Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Filing in favor of TCA Global encumbering all of its real property and mining interests ("Mortgage") (such mortgage is subject to the \$500 principal amount promissory note the Company issued to DANC, which loan is pari passu with the Debenture as provided for in an Intercreditor Agreement entered into between DANC and TCA Global), Guarantee Agreements whereby our subsidiaries guaranteed our performance and payment under the Debenture.

Notes Payable – Related Parties

The Company's current notes payable – related parties balance at September 30, 2016 is net of reductions of \$11 for unamortized discounts; and at December 31, 2015 there were reductions of \$105. The components of notes payable – related parties follow:

	September 30, 2016	December 31, 2015
Note payable – Mr. Brogan	\$ 600	\$ 600
Less: Discount	(7)	(72)
	593	528
Note payable – Mr. Marchal	275	275
Less: Discount	(4)	(33)
	271	242
Total current notes payable – related parties	\$ 864	\$ 770

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On November 10, 2015, the Company sold a total of 87.5 units to Mr. Marchal and Mr. Brogan in a private offering. Each unit consisted of:

- (i) one convertible note in the principal amount of \$10 per unit that bears simple interest at the rate of 10% per annum and is payable by the Company on a lump sum basis with respect to principal and interest on or before October 31, 2016, unless earlier repaid at the sole option of the Company or converted into common stock at a conversion price of \$1.00 per share;
- (ii) 5,000 shares of the Company's common stock; and
- (iii) a warrant to purchase 5,000 shares of the Company's common stock at \$2.00 per share for a period of three years from the date of issuance.

The aggregate total of all notes issued in connection with this offering was \$875. In addition, the Company issued a total of 437,500 common shares and warrants to purchase a total of 437,500 common shares. As equity treatment was determined appropriate for the common stock and warrants issued with these convertible notes, the proceeds were allocated based on relative fair values. The fair value of the common stock issuance of 437,500 shares was estimated at \$127, or \$0.29 per share as estimated by independent valuation experts as part of the purchase price valuation performed for the Balmat Acquisition. The fair value of the warrants was estimated at \$21 using a Black-Scholes model with inputs including a market price of the Company's common shares of \$0.29 per share, an exercise price of \$2.00, a three-year term, volatility of 70%, a risk-free rate of 0.75% and no assumed dividends.

Based on the relative fair values, initial note principal and note discount of \$875 and \$126, respectively, were recorded. During the nine months ended September 30, 2016, the Company recorded \$94 in amortization of the note discount and \$66 of accrued interest associated with these related party notes. The effective interest rate of the notes is 24.5%.

Purchase Price Obligation – Balmat Acquisition

As is described in detail in Note 3, the Company has the right to satisfy the remaining amount owed to Hudbay related to the Balmat Acquisition in one of two remaining ways (the purchase price obligation) where:

- the estimated fair value of this purchase price obligation of \$13,361 was determined using a discounted cash flow model, with future cash flows estimated based upon probability-weighted scenarios of payments under the remaining two repayment options;
- the current portion of this purchase price obligation of \$500 reflects the Company's plan to resume production at the Balmat Mine within the next 12-months; and
- because of the repayment options available to the Company and the fact that the Company has not yet selected one of these repayment options, we are not able to say with certainty when the long-term portions of this purchase price obligation will be paid.

Notwithstanding the above, if any portion of the purchase price obligation has not been paid within 48 months of the closing date (or 54 months of the closing date if we have not elected one of the options) then the entire unpaid balance is immediately due and payable to Hudbay no later than November 2, 2019 or May 2, 2020, respectively.

NOTE 11 – ASSET RETIREMENT OBLIGATION

Changes in our asset retirement obligation are summarized in the following table:

Balance, December 31, 2015	\$ 17,906
Accretion expense	618
Releases	-
Revisions to cost estimates	(618)
Balance, September 30, 2016	<u>\$ 17,906</u>

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The Company recognized \$618 in accretion expense during the nine months ended September 30, 2016. An adjustment to the estimated timing of future cash outflows associated with the Company's planned reclamation activities resulted in a \$618 downward adjustment to the estimated fair value of the Company's liability as of September 30, 2016.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Royalty Payments

On a portion of the Balmat Mine's mineral leases, the Company is subject to royalty payments of up to 4% of the net smelter return on ores mined from these properties.

Potential Environmental Contingency

Our exploration and development activities are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. We have made, and expect to make in the future, expenditures to comply with such laws and regulations.

Legal Matters

In connection with our litigation involving Michael Stanford, formerly the Company's CEO, in which the Fifth District Court of Beaver County (Civil Case No. 140500023) awarded us a judgment against Mr. Stanford, the court issued a further order on February 2, 2015 authorizing us to cancel 910,000 shares of our common stock previously issued to Mr. Stanford. This cancellation of shares was in addition the 25,000,000 shares that Mr. Stanford returned to the Company and were cancelled by us on September 22, 2014. The 910,000 shares were cancelled on February 2, 2015.

We are evaluating what future legal proceedings we may pursue in order to collect money damages of approximately \$23,495 awarded to us pursuant to the judgment. Our ability to collect any further amounts on the judgment is, however, inherently unpredictable and is subject to significant uncertainties and, therefore, determining the likelihood of a recovery and/or the measurement of any recovery is complex. Consequently, we are unable to estimate the range of reasonably possible further recovery and no amounts related to this award have been included in our financial statements. Our assessment is based on estimates and assumptions deemed reasonable by management, but the assessment process relies heavily on estimates and assumptions that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions.

From time to time, the Company is notified of threatened litigation or that a claim is being made against it. The Company's policy is to not disclose the specifics of any claim or threatened lawsuit until such complaint is actually served on the Company. After consultation with appropriate legal counsel, if it is determined that the Company is not at fault, the Company will defend itself accordingly. Although we do not expect the outcome in any pending individual case to be material, the outcome of any litigation is inherently uncertain and there can be no assurance that any expense, liability or damages that may ultimately result from the resolution of these matters will be covered by our insurance or will not be in excess of amounts provided by insurance coverage and will not have a material adverse effect on our business, operating results or financial condition. As of September 30, 2016 and December 31, 2015, respectively, the Company has no accrual for general or threatened litigation and the Company believes its exposure to be de minimus in nature.

NOTE 13 – EQUITY

Common Stock

On January 1, 2016, the Company entered into a consulting agreement for services relating to shareholder information and public relations. The consulting firm was issued 200,000 shares of the Company's common stock valued at \$0.66 per share for the six-month agreement. Subsequently, on May 27, 2016, the Company cancelled 150,000 of the issued shares upon termination of the agreement.

On February 24, 2016, the Company entered into a consulting agreement for services relating to management consulting and business advisory. The consulting firm was issued 150,000 shares of the Company's common stock valued at \$0.51 per share for the six-month agreement.

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Stock Options

The Company did not issue any stock option awards during the nine months ended September 30, 2016.

On March 1, 2015, as part of an employment agreement, the Company granted an option to purchase 250,000 shares of the Company's common stock with an exercise price of \$0.50 per share. The option vested as follows: 50,000 shares upon execution of the employment agreement and 50,000 shares each on March 31, 2015; June 30, 2015; September 30, 2015; and December 31, 2015. On the grant date, the Company estimated the fair value of the option grant using the Black Scholes option pricing model based on the closing price of our common shares on the grant date as quoted on the stock exchange where the majority of our trading volume and value of the shares occurs and assuming a maturity of 2.7 years, a 0.896% risk free rate and a 88.83% volatility.

The compensation expense recognized in our unaudited condensed consolidated financial statements for the nine months ended September 30, 2016 and 2015 for stock option awards was zero and \$85, respectively. As of September 30, 2016, there was no unrecognized compensation cost related to unvested stock options as all outstanding options were fully vested.

The following table summarizes our stock option activity for each of the nine-month periods ended September 30, 2016 and 2015:

	2016		2015	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of period	250,000	\$ 0.50	-	\$ -
Granted	-	-	250,000	0.50
Cancelled/Expired	-	-	-	-
Exercised	-	-	-	-
Outstanding, end of period	<u>250,000</u>	<u>\$ 0.50</u>	<u>250,000</u>	<u>\$ 0.50</u>
Exercisable, end of period	<u>250,000</u>	<u>\$ 0.50</u>	<u>200,000</u>	<u>\$ 0.50</u>
Weighted-average fair value per share of options granted during period	n/a		\$ 0.85	

Warrants

On May 12, 2016, as part of the consideration for the May 2016 Bridge Loans (described further in Note 9 – Related Party Transactions), the Company issued 125,000 warrants to purchase common stock to each party, Mr. Marchal and Mr. Brogan. Each warrant is exercisable for one of the Company's common shares. Further details are outlined below.

The Company's outstanding warrants, each exercisable for one of the Company's common shares, were issued to investors in connection with offerings of the Company that closed on June 30, 2015; October 31, 2015; and November 2, 2015. In addition, warrants were issued as part of the consideration for the May 2016 Bridge Loans. The exercise price and exercise period are outlined below:

	Total Warrants	Exercise Price	Expiration Date
June 30, 2015 Offering	2,500,000	\$ 1.00	6/30/2018
October 31, 2015 Offering - Series A Warrants	3,130,000	\$ 0.75	10/31/2017
October 31, 2015 Offering - Series B Warrants	3,130,000	\$ 1.50	10/31/2018
November 10, 2015 Offering	437,500	\$ 2.00	11/10/2018
May 2016 Bridge Loans	250,000	\$ 1.00	6/28/2019
	9,447,500		

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The following table summarizes our warrant activity for the nine months ended September 30, 2016 and 2015:

	For the nine months ended September 30, 2016		For the nine months ended September 30, 2015	
	Number of Warrants	Weighted -Average Exercise Price (USD\$)	Number of Warrants	Weighted -Average Exercise Price (USD\$)
Outstanding, beginning of period	9,197,500	\$ 1.13	-	\$ -
Granted	250,000	1.00	2,390,000	1.00
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	<u>9,447,500</u>	<u>\$ 1.13</u>	<u>2,390,000</u>	<u>\$ 1.00</u>

NOTE 14 – SUBSEQUENT EVENTS

On October 27, 2016 (the “Effective Date”), Star Mountain Resources, Inc., (the “Company”, “we”, “us”, “our”) signed a binding letter of intent with an unrelated party in a transaction negotiated at arm’s length (the “Buyer”) to sell the Company’s 100% ownership interest in Balmat Holding Corporation (“Balmat Holding”). Balmat Holding, through its wholly owned subsidiary, St. Lawrence Zinc Company (“St. Lawrence Zinc”), is the owner of the mining property known as the Balmat Zinc Mine and certain mining and processing equipment located in St. Lawrence County, New York (the “Balmat Assets”).

The sale price of the Balmat Assets is \$6,318,554 payable as follows: \$2,768,554 being the outstanding amount owing to TCA Global Master Fund, LP (the “TCA Debenture”) on or about November 1, 2016, to be paid by an affiliate of the Buyer (the “Buyer’s Affiliate”) on such date, and TCA assigning the TCA Debenture to the Buyer’s Affiliate with the Company being released from its obligations under such debenture subject to the completion of the contemplated transaction; \$300,000 towards the care and maintenance of the Balmat Assets, of which \$150,000 has been paid to the Company and the balance is to be paid on or before November 30, 2016 as mutually agreed by the parties; \$1,250,000 to be paid on November 30, 2016, the proposed closing date of the transaction (the “Closing Date”) provided there are no outstanding debts, accounts payable and accrued liabilities of St. Lawrence Zinc Company and the Balmat Assets are free of any liens or encumbrances; \$1,000,000 on February 28, 2017 or three months from the Closing Date and the balance of \$1,000,000 on May 30, 2017 or six months from the Closing Date. In addition, the Buyer has agreed to issue to the Company 5% of the issued and outstanding common shares (as measured on a post financing basis) in the public company (“Pubco”) which the Buyer intends to assign the Balmat Assets. In addition, the Buyer has agreed to assume the Company’s obligations to Hudbay Minerals, Inc. (“Hudbay”) pursuant to the previously disclosed agreement between the Company and Hudbay dated October 13, 2015. In addition, the Company will have the right to participate in future equity financings of Pubco to maintain its equity position in Pubco on a post financing basis. All debts of Balmat Holding and St. Lawrence Zinc shall be paid by the Company at or prior to the Closing Date.

The closing of the transaction contemplated by the letter of intent is expected to be completed no later than November 30, 2016 and will be conditioned upon certain, limited customary representations and warranties to be included in an agreement, as well as the following conditions to closing:

1. The Company shall maintain the Balmat Assets in good standing until completion of the Definitive Agreement (defined below);
2. The Company will provide the Buyer with all technical, environmental, permit, reclamation, prior work performed and any other data relative to the Balmat Asset on signing of the letter of intent;
3. The parties will exclusively negotiate in good faith the terms and conditions of a definitive agreement (the “Definitive Agreement”) which will contain reasonable and usual representations and warranties based on standard industry terms and conditions, not to be unreasonably withheld, and to be completed within 30 days of the completion of the due diligence period and no later than November 30, 2016;

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4. The transaction is subject to satisfactory due diligence by the Buyer which shall have 45 days (or a date mutually agreed upon by the parties) to complete its due diligence.

The letter of intent and the Definitive Agreement will be governed in all respects, including validity, interpretation and effect, by laws of the Province of British Columbia and the laws of Canada applicable therein, without giving effect to the principles of conflicts of laws thereof unless otherwise mutually agreed among the parties and the parties hereby irrevocably attorn to the jurisdiction of the Courts of the Province of British Columbia in respect of any matter arising hereunder or in connection herewith.

The letter of intent will terminate on the day on which the earliest of the following events occurs: (a) the date the Buyer provides a notice of termination or a written agreement of the parties to terminate the letter agreement; or (b) the date the Definitive Agreement is entered in to. Following such termination, the letter of intent shall have no further force or effect and there shall be no obligation on the part of either of the parties thereunder.

The transaction contemplated by the letter of intent shall have been authorized by the board of directors of the Company and the execution of the letter of intent by the Company shall be conclusive evidence of such authorization.

On November 3, 2016 (the "Effective Date"), in connection with acquisition of the TCA Debenture as contemplated in the letter of intent, an affiliate of the Buyer (the "Lender") acquired the TCA Debenture and TCA's collateral and other rights provided for in the TCA Debenture and related agreements (the "TCA Transaction Documents"). In addition, the Lender entered into a Forbearance Agreement with the Company on November 3, 2016 (the "Forbearance Agreement"). The Forbearance Agreement reflects the Company's acknowledgement that the TCA Debenture is in default as a result of the Company's failure to make certain payments due on the obligations owing under the TCA Debenture and that the filing of a Form 15 with the SEC will not be deemed a default under the TCA Transaction Documents. The Lender has agreed that it will forbear from exercising any of its rights or remedies under the TCA Debenture as the result of the default until the Forbearance Termination Date (defined below), provided that, (i) commencing on November 2, 2016 through January 31, 2017, no interest shall accrue on the unpaid obligations outstanding under the TCA Debenture, and (ii) commencing on February 1, 2017, all unpaid obligations outstanding under the TCA Debenture will accrue interest at a rate equal to 10% per annum. The Forbearance Termination Date will occur if any additional defaults occur under the TCA Debenture or related agreements, the Company's failure to comply with any term or condition of the Forbearance Agreement, any breach by the Company of any term or condition set forth in the letter of intent, or the sale of Balmat Holding to the Buyer does not occur on or before January 31, 2017. The Company agreed to pay the Lender's reasonable legal fees and costs incurred in connection with the Forbearance Agreement and related transactions.

On October 5, 2016 a corporation filed a lawsuit in the U.S. District Court, District of Colorado against two unrelated third-party individuals, Star Mountain and its wholly owned subsidiary, Northern Zinc, alleging intentional interference with prospective business advantage and tortious interference on the part of the Company. The complaint seeks compensatory damages, interest, attorneys' fees and such other relief the Court deems just and proper. The Company believes that this claim lacks merit and intends to vigorously defend itself. While acknowledging the uncertainties of litigation with an unfavorable ruling resulting in monetary damages against us, management believes that the ultimate outcome of this matter will not have a material effect on its earnings, cash flows, or financial position.

ISSUER'S BUSINESS, PRODUCTS AND SERVICES

DESCRIPTION OF THE BUSINESS OPERATIONS

Star Mountain Resources, Inc. and subsidiaries (the "Company", "we", "us", "our") is a minerals exploration company focused on acquiring and consolidating mining claims, mineral leases, producing mines, and historic mines with production and future growth potential identified through our exploration efforts.

DATE AND STATE OF INCORPORATION

The Company was incorporated on September 2, 2009 in Nevada initially as MyOtherCountryClub.com for the purpose of developing a website that would offer reciprocal golf privileges, and other related services, to members of private country clubs throughout the United States. We subsequently changed our name to the Jameson Stanford Resources Corporation in April 2012 and on October 29, 2012, merged with Bolcán Mining Corporation (the "Merger"). Prior to the Merger, the Company was a publicly traded shell company with no business operations. Effective December 15, 2014, the name of the Company was changed to Star Mountain Resources, Inc. to better reflect its primary focus to explore and conduct pre-extraction activities for mineral rights.

PRIMARY AND SECONDARY SIC CODES

Primary SIC Code is: 1000 – METAL MINING

FISCAL YEAR END DATE IS DECEMBER 31

PRINCIPAL PRODUCTS OR SERVICES AND THEIR MARKETS

The Company currently operates no producing properties and therefore has no products or services for sale.

ISSUER'S FACILITIES

Star Mountain's headquarters are located at 8307 Shaffer Parkway, STE 201, Littleton, CO 80127, where the Company leases approximately 800 square feet on a month-to-month basis. The Company also owns a small property and various mining exploration equipment in Milford, UT and is the sole owner of the Balmat zinc mine and milling complex located in upstate New York.

The significant Balmat assets include:

- Balmat No. 4 Mine and production hoisting facilities;
- No. 2 Mine incline shaft maintained as operational for use as secondary egress;
- Concentrator with 5,000 tpd capacity;
- Mobile mining equipment;
- Surface and mineral rights;
- Operating permits and licenses;
- \$1.6 million cash reclamation bond held in escrow for the New York State Department of Environmental Conservation;
- Covered concentrate storage facility with both rail and truck loading capabilities;
- Tailings impoundment with approximately 25 years additional capacity at 2,500 tpd production;
- Machine and electrical shops;
- Surface warehouse;
- U/G maintenance shops and warehouses at the 2500 and 3100 levels;
- Administration complex with full employee and training facilities;
- Various outbuildings housing support facilities within close proximity to the main campus.

OFFICERS, DIRECTORS AND CONTROL PERSONS

Listed below are the names of executive officers, directors, general partners and control persons (control persons being those who are beneficial owners of greater than five percent (5%) of any class of the equity securities), as of the date of this information statement.

Directors / Officers

<u>Name</u>	<u>Position(s)</u>
Joseph Marchal	Executive Chairman and Chief Executive Officer
Mark Osterberg	President and Chief Operating Officer
Wayne Rich	Chief Financial Officer and Vice President of Finance
Douglas MacLellan ⁽¹⁾	Director
Edward Brogan	Director
Donald Sutherland	Director
Donald Taylor	Director

- (1) Effective October 11, 2016, Douglas MacLellan resigned as a member of the board of directors of Star Mountain Resources, Inc.. Mr. MacLellan did not have any disagreements with the Company prior to his resignation.

None of the foregoing persons have, in the last five years, been the subject of:

- A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
- The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
- A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated;
- The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

Control Persons

Aviano Financial Group, LLC
Gregg C.E. Johnson

Beneficial Shareholders (holder of shares, shares in custody, options, or warrants).

Below is a list of beneficial shareholders owning more than ten percent (10%) of any class of the issuer's equity securities and/or any beneficial shareholders who are corporate officers or directors.

Series C Preferred Stock

<u>Name of Beneficial Owner</u>	<u>Amount of Beneficial Ownership</u>	<u>Percent of Class ⁽¹⁾</u>
Joseph Marchal, Chief Executive Officer, Chairman and Director	500,000	15.97%
Edward Brogan, Director	1,500,000	47.92%
Donald Sutherland, Director	400,000	12.78%
Total	2,400,000	76.68%

- (1) Calculated on the basis of 3,130,000 issued and outstanding shares of Series C Preferred Stock as of September 30, 2016. Holders of our Series C Preferred stock are entitled to 10 votes per share.

Common Stock

<u>Name of Beneficial Owner</u>	<u>Amount of Beneficial Ownership</u>	<u>Percent of Class ⁽¹⁾</u>
Joseph Marchal, Chief Executive Officer, Chairman and Director ⁽²⁾	13,841,861	30.66%
Edward Brogan, Director ⁽³⁾	24,194,500	42.26%
Donald Sutherland, Director ⁽⁴⁾	5,729,666	13.59%
Aviano Financial Group, LLC ⁽⁵⁾	10,000,000	26.21%
Gregg C.E. Johnson ⁽⁶⁾	3,874,767	10.02%

(1) Includes, where applicable, shares of common stock issuable upon the exercise of stock options and warrants and the conversion of debt held by such person that may be exercised within 60 days after September 30, 2016. Also gives effect to the Series C Preferred Stock (see preceding table). Unless otherwise indicated, we believe that all persons named in the table above have sole voting power and/or investment power with respect to all shares of common stock beneficially owned by them.

(2) The number of shares beneficially owned by Mr. Marchal includes 6,847,361 shares of common stock currently outstanding and owned directly by Mr. Marchal, 1,419,500 shares of common stock issuable upon exercise of warrants exercisable at prices ranging from \$0.75 to \$2.00 per share which expire in 2017 and 2018, 575,000 shares of common stock issuable upon conversion of convertible debt due October 31, 2016 at a conversion price of \$1.00 per share and 5,000,000 votes by virtue of his ownership of 500,000 shares of Series C Preferred stock that have 10 votes per share.

(3) The number of shares beneficially owned by Mr. Brogan includes 5,094,500 shares of common stock presently outstanding and owned directly by Mr. Brogan, 3,800,000 shares of common stock issuable upon exercise of warrants exercisable at prices ranging from \$0.75 to \$2.00 per share which expire in 2017 and 2018, 300,000 shares of common stock issuable upon conversion of convertible debt due October 31, 2016 at a conversion price of \$1.00 per share and 15,000,000 votes by virtue of his ownership of 1,500,000 shares of Series C Preferred stock that have 10 votes per share.

(4) The number of shares beneficially owned by Mr. Sutherland includes 1,729,666 shares of common stock presently outstanding and owned directly by Mr. Sutherland and 4,000,000 votes by virtue of his ownership of 400,000 shares of Series C Preferred stock that have 10 votes per share.

(5) Aviano's address is 1801 Broadway Street, Suite 800, Denver, Colorado 80202.

(6) The number of shares beneficially owned by Mr. Johnson includes 217,000 shares of common stock presently outstanding and owned directly by Mr. Johnson, 3,157,767 shares of common stock presently outstanding and owned by Summit Capital USA, Inc. ("Summit Capital") and 500,000 votes by virtue of his ownership of 5,000 shares of Series B Preferred stock that have 100 votes per share as Mr. Johnson owns, directly or indirectly, a 75% interest in Summit Capital and has voting and dispositive control over the securities held by Summit Capital. Mr. Johnson disclaims beneficial ownership of our common stock owned by Summit Capital except to the extent of his pecuniary interest in this entity. Summit Capital's address is 605 West Knox Road, #202 Tempe, AZ 85284.

THIRD PARTY PROVIDERS

Listed below are outside provider who advise the issuer on matters relating to operations, business development and disclosure:

Legal Counsel:

Legal & Compliance, LLC
330 Clematis St.
Suite 217
West Palm Beach, FL, 33401

Auditors:

HJ & Associates, LLC
50 W Broadway
Suite 600
Salt Lake City, UT, 84101

ISSUER CERTIFICATION

I, **Joseph Marchal**, certify that:

I have reviewed this quarterly disclosure statement of Star Mountain Resources, Inc.;

Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this disclosure statement; and

Based on my knowledge, the financial statements and other financial information included or incorporated by reference in this disclosure statement, fairly represent, in all material respects, the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: November 21, 2016

/s/ *Joseph Marchal*

CEO/Executive Chairman

I, **Wayne Rich**, certify that:

I have reviewed this quarterly disclosure statement of Star Mountain Resources, Inc.;

Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this disclosure statement; and

Based on my knowledge, the financial statements and other financial information included or incorporated by reference in this disclosure statement, fairly represent, in all material respects, the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: November 21, 2016

/s/ *Wayne Rich*

CFO/Vice President of Finance