

STARFIELD RESOURCES INC.
(An Exploration Stage Company)

FINANCIAL STATEMENTS
(Presented in Canadian Dollars)

FEBRUARY 28, 2006

AUDITORS' REPORT

To the Shareholders of
Starfield Resources Inc.

We have audited the balance sheet of Starfield Resources Inc. as at February 28, 2006 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The audited financial statements at February 28, 2005 and for the year then ended were examined by other auditors who expressed an opinion without reservation on those statements in their report dated June 1, 2005.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

June 14, 2006

A Member of *SC INTERNATIONAL*

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
STATEMENT OF OPERATIONS AND DEFICIT
YEAR ENDED FEBRUARY 28

	2006	2005
EXPENSES		
General and Administrative		
- Accounting and legal	\$ 180,410	\$ 220,730
- Advertising and promotion	100,215	121,973
- Computer	27,542	33,428
- Consulting fees	403,415	288,384
- Investor relations	50,698	128,403
- Management fees	96,000	52,000
- Office	85,340	45,256
- Office equipment rent	27,010	24,997
- Rent and office services	322,795	305,466
- Telephone	17,216	18,657
- Transfer and regulatory fees	113,067	94,311
- Travel and conferences	916,329	599,144
Amortization	4,412	4,948
Stock-based compensation (Note 6)	-	188,705
Interest and bank charges	<u>91,831</u>	<u>52,823</u>
Loss before the following	2,436,280	2,179,225
Mineral claims written down	19,999	-
Deferred exploration expenses written off	311,520	-
Interest income	<u>(8,796)</u>	<u>(19,251)</u>
	<u>322,723</u>	<u>(19,251)</u>
Loss before income taxes	<u>2,759,003</u>	<u>2,159,974</u>
Future income tax recovery (Note 5)	<u>(63,509)</u>	<u>(238,074)</u>
Net Loss	2,695,494	1,921,900
Deficit, beginning of year	<u>9,189,893</u>	<u>7,267,993</u>
Deficit, end of year	<u>\$ 11,885,387</u>	<u>\$ 9,189,893</u>
Basic and diluted loss per share	<u>\$ 0.02</u>	<u>\$ 0.02</u>
Weighted average number of common shares outstanding	<u>139,439,136</u>	<u>108,333,048</u>

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

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
STATEMENT OF CASH FLOWS
YEAR ENDED FEBRUARY 28

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (2,695,494)	\$ (1,921,900)
Items not affecting cash:		
Future income tax recovery	(63,509)	(238,074)
Stock-based compensation	-	188,705
Amortization of computers and office equipment	4,412	4,948
Mineral claims and exploration costs written-off	331,519	-
Changes in non-cash working capital items:		
Receivables	(39,100)	76,825
Refundable deposits	-	(7,866)
Prepaid expenses and deposits	8,489	155,330
Accounts payable and accrued liabilities	<u>337,512</u>	<u>96,926</u>
Net cash used in operating activities	<u>(2,116,171)</u>	<u>(1,645,106)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties	(12,060,656)	(9,647,808)
Acquisition of computers and office equipment	-	(5,737)
Acquisition of exploration equipment	<u>(138,709)</u>	<u>(150,500)</u>
Net cash used in investing activities	<u>(12,199,365)</u>	<u>(9,804,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans payable repayments	-	(904,000)
Share issue costs	(541,483)	(566,199)
Issuance of shares and units	<u>15,661,958</u>	<u>13,608,677</u>
Net cash provided by financing activities	<u>15,120,475</u>	<u>12,138,478</u>
Increase in cash	804,939	689,327
Cash, beginning of year	<u>1,329,164</u>	<u>639,837</u>
Cash, end of year	<u>\$ 2,134,103</u>	<u>\$ 1,329,164</u>

Supplemental disclosure with respect to cash flows (Note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (Alberta, Canada) on April 22, 1994, registered in the province of British Columbia as an extra-provincial company on April 22, 1998 and in the Nunavut Territory, Canada as an extra-territorial corporation on March 18, 2003. Its principal business is the exploration and development of mineral properties. All of the Company's properties are located in Canada.

The Company is in the process of exploring certain mineral properties. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these properties, and upon profitable future production. Currently, the Company has no producing mineral properties. The Company plans to meet anticipated financing needs in connection with its obligations by the exercise of stock options and purchase warrants, through private placements and underwritings and short-term loans.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

All amounts are in Canadian dollars unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the year reported. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future years could be significant. Actual results will likely differ from those estimates.

b) Mineral Properties

The cost of each mineral property, or interest therein, together with exploration costs are capitalized until the properties to which they relate are placed into production, sold or abandoned or management has determined there to be an impairment in value. Costs of abandoned properties are written off to operations. These costs will be amortized on the basis of units produced in relation to the proven and probable reserves available on the related property following commencement of production.

The costs capitalized do not necessarily reflect present or future values. The ultimate recovery of such amounts depends on the discovery of economically recoverable reserves, successful commercial development of the related properties, availability of financing and future profitable production or proceeds from the disposition of the properties. There are no proven or probable reserves on the properties.

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

b) Mineral Properties (cont'd...)

Company's title. Property title may be subject to unregistered prior agreements, transfers or native land claims and title may be affected by undetected defects.

c) Equipment and Amortization

Equipment is recorded at cost with amortization provided on a declining balance as follows:

Exploration equipment	30%
Computers	30%
Office equipment	20%

In the year of acquisition only one-half of the normal rates are applied. Amortization related to exploration equipment is deferred to mineral properties as they are part of exploration costs.

d) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. To date, the Company has not incurred any asset retirement obligations.

e) Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. To the extent that the future tax liabilities created by the renunciation exceed the future tax assets available, the Company records a reduction in capital stock for the estimated tax benefits transferred to shareholders.

Effective March 19, 2004, the Company adopted EIC 146 "Flow-Through Shares" that dictates the accounting treatment on renunciation of the tax deductibility of the qualifying expenditures that give rise to taxable temporary differences. The change in accounting policy was applied prospectively. When the Company renounces flow-through expenditures, a portion of the Company's future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of income taxes in the statement of operations.

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

f) *Loss Per Share*

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For loss per share the dilutive effect has not been computed as it proved to be anti-dilutive. Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

g) *Stock-based Compensation*

The Company follows the fair value method of accounting for its stock-based compensation. The fair value of the stock options awarded is determined at the grant date using the Black-Scholes option pricing model.

h) *Income Taxes*

Income taxes are provided for in accordance with the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences). Future income tax assets and liabilities are measured using the enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in rates is included in operations in the year in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

i) *Commitments and Contingencies*

The Company's activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. The Company believes its exploration activities comply in all material respects with all applicable laws and regulations.

j) *Comparative figures*

Certain comparative figures have been reclassified to conform with the current year's presentation.

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2006

3. MINERAL PROPERTIES

	Ferguson Lake	Starfield / Wyn Ferguson Lake project	Total
Acquisition costs:			
Balance, February 29, 2004	\$ 1,925,000	\$ 5,000	\$ 1,930,000
Additions	<u>25,000</u>	<u>15,000</u>	<u>40,000</u>
Balance, February 28, 2005	1,950,000	20,000	1,970,000
Additions	216,230	-	216,230
Acquisition costs written-down	<u>-</u>	<u>19,999</u>	<u>19,999</u>
Balance, February 28, 2006	<u>2,166,230</u>	<u>1</u>	<u>2,166,231</u>
Exploration costs:			
Balance, February, 29, 2004	22,451,058	-	22,451,058
Personnel	2,285,812	92,621	2,378,433
Air support including helicopter moves	2,856,755	72,282	2,929,037
Diamond drilling	2,282,539	67,250	2,349,789
Camp support costs, including fuel	1,199,717	26,093	1,225,810
Analytical and geophysical services	615,020	44,598	659,618
Mobilization and demobilization	<u>79,020</u>	<u>8,676</u>	<u>87,696</u>
Balance, February 28, 2005	31,769,921	311,520	32,081,441
Personnel	2,702,923	-	2,702,923
Air support including helicopter moves	2,725,889	-	2,725,889
Diamond drilling	2,123,335	-	2,123,335
Camp support costs, including fuel	2,479,166	-	2,479,166
Analytical and geophysical services	2,383,622	-	2,383,622
Mobilization and demobilization	<u>23,688</u>	<u>-</u>	<u>23,688</u>
Exploration costs written-off	-	311,520	311,520
Balance, February 28, 2006	<u>44,208,544</u>	<u>-</u>	<u>44,208,544</u>
Total costs, February 28, 2006	\$ 46,374,774	\$ 1	\$ 46,374,775

Ferguson Lake claims

Under the terms of the purchase agreement, the Company earned a 100% interest in the property, subject to a 3% net smelter royalty (NSR) on mineral production, a 3% gross overriding royalty on diamond production and a \$25,000 annual advance royalty payment. The Company was also required to pay the vendor an annual operator management fee on the annual qualifying exploration expenditures on the Ferguson Lake claims. The Company has the right to purchase 1% of the 3% NSR for \$1,000,000 up to 180 days after receipt of a positive feasibility study recommending commercial production. The Company has entered into negotiations to terminate the annual management fee in exchange for increasing the annual advance royalty payment from \$25,000 to \$50,000.

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2006

3. MINERAL PROPERTIES (cont'd...)

Starfield / Wyn Ferguson Lake project:

On November 8, 2002 (as amended May 6, 2003 and December 3, 2003), Wyn Developments Inc. ("Wyn") entered into an option agreement with Hunter Exploration Group ("Hunter") to earn an undivided 100% interest in certain claims located contiguous to the Ferguson Lake claims, Nunavut Territory in consideration of the issuance of 1,100,000 units to Hunter, the expenditure of \$1,000,000 over four calendar years between 2002 and 2005 on exploration and development on the property and the payment of advance royalty payments. In July 2003, the Company signed an option agreement with Wyn whereby the Company can earn a 50% interest in these claims. Under the terms of the agreement, the Company was required to incur a total of \$500,000 (one-half of the total commitment of Wyn) in exploration expenditures in the calendar years 2004 through to 2005 and contribute an additional \$75,000 for exploration in calendar year 2004. In addition, the Company was required to pay \$15,000 and \$10,000 advance royalties on July 1, 2004 and July 1, 2005 respectively. In April 2004, the Company signed an addendum to the Starfield / Wyn option agreement to add claims which were staked under an area of mutual agreement. The new claims are held on a 50-50 basis. The exploration expenditures required to be made are as follows:

	Expenditures Wyn		Expenditures Starfield	
	Required	Completed	Required	Completed
2002	\$ 12,285	\$ 12,285	\$ -	\$ -
2003	50,000	50,000	-	-
2004	137,715	137,715	275,000	275,000
2005	<u>300,000</u>	<u>50,133</u>	<u>300,000</u>	<u>36,520</u>
Total	\$ 500,000	\$ 250,133	\$ 575,000	\$ 311,520
Total to date	\$ 500,000	\$ 250,133	\$ 575,000	\$ 311,520

The exploration commitments were not completed by either party and it was decided by management to write-down the acquisition costs to \$1 and to write-off the exploration costs to date. However the Company and Wyn will still retain interests in certain claims that fall outside the Hunter agreement which still are maintained in good standing.

4. EQUIPMENT

	2006		
	Cost	Accumulated Amortization	Net Book Value
Exploration equipment	\$ 289,209	\$ 81,761	\$ 207,448
Computers	42,458	33,799	8,659
Office equipment	<u>9,461</u>	<u>6,660</u>	<u>2,801</u>
	\$ 341,128	\$ 122,220	\$ 218,908

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2006

4. EQUIPMENT (cont'd...)

	2005		
	Cost	Accumulated Amortization	Net Book Value
Exploration equipment	\$ 150,500	\$ 22,575	\$ 127,925
Computers	42,458	30,087	12,371
Office equipment	9,461	5,960	3,501
	<u>\$ 202,419</u>	<u>\$ 58,622</u>	<u>\$ 143,797</u>

5. FUTURE INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2006	2005
Loss for the year before income tax recovery	\$ (2,759,003)	\$ (2,159,974)
Income tax recovery	\$ (1,056,339)	\$ (736,551)
Non-deductible expenses	131,555	4,039
Stock-based compensation	-	64,348
Resource loss for tax purposes	714,261	124,056
Other	-	(8,044)
Share issuance costs	(41,464)	(397,674)
Unrecognized benefit of non-capital losses	188,478	711,752
Total income tax recovery	<u>\$ (63,509)</u>	<u>\$ (238,074)</u>

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

	2006	2005
Future tax assets (liabilities):		
Loss carryforwards	\$ 2,841,729	\$ 3,103,504
Equipment	20,391	612
Share issuance costs	134,288	-
Resource deductions	<u>(4,840,191)</u>	<u>(3,284,492)</u>
Net future tax liabilities	<u>\$ (1,843,783)</u>	<u>\$ (180,376)</u>

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2006

5. FUTURE INCOME TAXES (cont'd...)

The Company has non-capital losses of approximately \$9,167,000 available for deduction against future years' taxable income. These losses, if not utilized, will expire through 2016. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized:			
Unlimited number of common voting shares, no par value			
Unlimited number of First Preferred shares			
Unlimited number of Second Preferred shares			
Issued:			
Balance, February 29, 2004	88,715,272	\$ 30,625,324	\$ 606,618
Exercise of warrants	4,370,750	1,496,688	-
Private placements	30,498,834	12,711,989	-
Stock-based compensation	-	-	188,705
Flow-through tax benefits renounced, future income tax recovery	-	(418,450)	-
Share issuance costs	-	(1,166,199)	-
Balance, February 28, 2005	123,584,856	43,249,352	795,323
Exercise of options	625,000	256,500	-
Exercise of warrants	17,434,625	5,834,810	-
Private placements	21,705,870	9,570,648	-
Contributed surplus on exercise of options	-	125,090	(125,090)
Flow-through tax benefits renounced, future income tax recovery	-	(1,726,916)	-
Share issuance costs	-	(541,483)	-
Balance, February 28, 2006	163,350,351	\$ 56,768,001	\$ 670,233

During the year ended February 28, 2006, the Company issued the following common shares:

- i) 625,000 common shares issued pursuant to the exercise of stock options for proceeds of \$256,500.
- ii) 17,434,625 common shares issued pursuant to the exercise of purchase warrants for proceeds of \$5,834,810.

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2006

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

- iii) In June 2005, the Company issued 2,000,000 flow-through shares at \$0.55 per share for gross proceeds of \$1,100,000 and paid share issuance costs of \$99,000.
- iv) In August 2005, the Company issued 1,030,000 flow-through shares at \$0.55 per share for net proceeds of \$566,500.
- v) In October 2005, the Company issued 8,675,995 flow-through shares at \$0.45 per share for gross proceeds of \$3,904,198 and 9,999,875 units at \$0.40 per unit for gross proceeds of \$3,999,950. Each unit consisted of one common share and one share purchase warrant with two warrants exercisable at \$0.50 per share and expiring December 28, 2007 (3,250,000 warrants) and January 20, 2008 (6,749,875 warrants). Share issuance costs of \$442,483 were paid.

During the year ended February 28, 2005 the Company issued the following common shares:

- i) 4,370,750 common shares issued pursuant to the exercise of purchase warrants for proceeds of \$1,496,688.
- ii) In March 2004, the Company issued 18,749,703 units at \$0.40 per unit for total proceeds of \$7,499,883 and issued 1,500,000 units valued at \$600,000 as finders' fees. Each unit consisted of one common share and one share purchase warrant with each warrant exercisable at \$0.60 per share and expiring March 12, 2006. The Company also paid \$749,988 in share issuance costs.
- iii) In October 2004, the Company issued 1,385,000 flow-through shares at \$0.45 per share for total proceeds of \$623,250 and 7,975,241 units at \$0.45 per unit for gross proceeds of \$3,588,858. Each unit consisted of one common share and one-half of a share purchase warrant with one full warrant exercisable at \$0.75 per share and expiring November 29, 2006 (2,611,100 warrants) and December 2, 2006 (1,376,519 warrants). The Company paid \$416,211 in share issuance costs.
- iv) In December 2004, the Company issued 888,890 flow-through shares at \$0.45 per share for total proceeds of \$400,000.

Stock options

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers and certain consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant less an applicable discount. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2006

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

The following incentive stock options and share purchase warrants were outstanding at February 28, 2006:

	Number of Shares	Exercise Price	Expiry Date
Options	562,000	\$ 0.50	May 4, 2006
	785,000	0.50	October 24, 2006
	450,000	0.40	March 8, 2007
	450,000	0.90	March 8, 2007
	2,140,000	0.40	February 14, 2008
	2,730,000	0.25	November 18, 2008
	550,000	0.25	January 7, 2009
	2,495,000	0.40	August 27, 2009
Warrants	1,310,000	0.40	January 31, 2010
	19,624,703	0.60	March 12, 2006
	2,611,100	0.75	November 29, 2006
	1,376,519	0.75	December 2, 2006
	1,625,000	0.50	December 28, 2007
	3,374,937	0.50	January 20, 2008

Warrants and stock options transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, February 29, 2004	28,132,010	\$ 0.37	8,440,000	\$ 0.39
Granted	24,237,322	0.62	4,015,000	0.40
Exercised	(4,370,750)	0.34	-	-
Expired/cancelled	<u>(6,920,695)</u>	0.46	<u>(358,000)</u>	0.44
Outstanding, February 28, 2005	41,077,887	0.50	12,097,000	0.39
Granted	4,999,937	0.50	-	-
Exercised	(17,434,625)	0.34	(625,000)	0.41
Expired/cancelled	<u>(30,940)</u>	0.45	<u>-</u>	-
Outstanding, February 28, 2006	28,612,259	\$ 0.59	11,472,000	\$ 0.39
Number currently exercisable	28,612,259	\$ 0.59	11,472,000	\$ 0.39

STARFIELD RESOURCES INC.
 (An Exploration Stage Company)
 NOTES TO THE FINANCIAL STATEMENTS
 FEBRUARY 28, 2006

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock-based compensation

During the year ended February 28, 2006, the Company granted nil stock options (2005 – 4,015,000) to directors, employees and consultants. The Company recognized \$nil (2005 - \$188,705) in stock-based compensation expense, with a corresponding credit to contributed surplus on the balance sheet. The compensation recognized was calculated using the Black-Scholes option pricing model.

The following weighted average assumptions were used in the valuation of stock options granted:

	2005
Risk-free interest rate	2 - 3%
Expected life of options	5 years
Annualized volatility	42.82%
Dividend rate	0.00%

Flow-through Shares

During the year ended February 28, 2006, the Company issued 11,705,995 flow-through shares and has renounced \$5,570,698 to the flow-through shareholders.

7. RELATED PARTY TRANSACTIONS

During the year, the Company had the following transactions with officers and directors and other companies with which officers or directors are related:

	2006	2005
Management fees	\$ 96,000	\$ 52,000
Consulting fees	79,000	15,000

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. EXPLORATION EXPENDITURES AND ACCUMULATED LOSSES

Under the Canadian Income Tax Act, a Canadian entity in exploration and mining industries can accumulate its resource related exploration expenses and development expenses (as defined by Canada Revenue Agency), carry them forward indefinitely and use them to reduce taxable income in the future. As of February 28, 2006, the Company has Cumulative Canadian Exploration expenses (CCEE) of \$28,508,000 (2005 - \$20,203,886) and Cumulative Canadian Development expenses (CCDE) of \$2,252,000 (2005 - \$2,010,000) that can be used to reduce exploration and development taxable income in the future.

STARFIELD RESOURCES INC.
 (An Exploration Stage Company)
 NOTES TO THE FINANCIAL STATEMENTS
 FEBRUARY 28, 2006

9. COMMITMENTS

- a) The Company leases its head office under an agreement expiring August 31, 2007. Minimum annual rents are \$42,104 plus a proportionate share of the property taxes and operating expenses. The total minimum obligation under this lease over the next two years is as follows:

2007	\$ 42,104
2008	21,052

- b) The Company rents its Ferguson Lake Camp Lodge under an agreement expiring March 30, 2007 with a renewal option for a further 2 years. Minimum annual rents are \$42,672 plus related taxes. The minimum obligation under this lease over the next two years is as follows:

2007	\$ 42,672
2008	3,556

- c) The Company rents its office copiers under a 60 month operating lease expiring April 2009 with annual lease payments of \$7,680. The minimum obligation under this lease over the next four years is as follows:

2007	\$ 7,680
2008	7,680
2009	7,680
2010	1,280

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, refundable deposits, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2006	2005
Cash paid during the year for interest	\$ 89,962	\$ 52,823
Cash paid during the year for income taxes	\$ -	\$ -

STARFIELD RESOURCES INC.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2006

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

The significant non-cash transactions during the year ended February 28, 2006 included:

- a) The reclassification of contributed surplus amounting to \$125,090 due to the exercise of stock options.
- b) The renunciation of \$5,570,698 to subscribers of 11,705,995 flow-through shares.
- c) Incurring accounts payable of \$535,011 towards mineral property costs.

The significant non-cash transaction during the year ended February 28, 2005 was the issuance of 1,500,000 common shares valued at \$600,000 for finders' fees on private placements.

12. SUBSEQUENT EVENTS

Subsequent to February 28, 2006, the Company:

- a) Received proceeds of \$657,500 pursuant to the exercise of 1,033,334 share purchase warrants and 85,000 share purchase options.
- b) Received proceeds of \$16,566,653 pursuant to a private placement consisting of 24,424,501 units at \$0.53 per unit and 5,571,796 flow-through common shares. Each unit consisted of one common share and one-half of one share purchase warrant with each full warrant exercisable at \$0.75 per share and expiring May 10, 2007.
- c) Cancelled due to expiry share purchase warrants to acquire 18,591,369 common shares and share purchase options to acquire 562,000 common shares.
- d) Granted share purchase options to acquire 4,790,000 common shares at a price of \$0.60 per share expiring March 31, 2011.