PROSPECTUS

STAR BULK CARRIERS CORP.

(a corporation incorporated under the laws of the Republic of Marshall Islands)

Secondary Listing of shares on the Oslo Stock Exchange

This prospectus (the "**Prospectus**") has been prepared in connection with the secondary listing and admission to trading (the "**Listing**") on Oslo Børs (the "**Oslo Stock Exchange")** of the common shares, each with a nominal value of USD 0.01 (the "**Star Bulk Shares**") in Star Bulk Carriers Corp., a corporation organized under the laws of the Republic of Marshall Islands (the "**Company**"), and taken together with its consolidated subsidiaries, the "**Group**")**.** This Prospectus serves as a listing prospectus as required by applicable laws in Norway. The Company has a primary listing of its shares on NASDAQ Global Select Market ("**NASDAQ**") and the Shares will be subject to a secondary listing on the Oslo Stock Exchange.

This Prospectus does not constitute an offer or solicitation to buy, subscribe or sell the securities described herein, and no securities are being offered or sold pursuant to this Prospectus in any jurisdiction

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THE SHARES ARE ELIGIBLE TO BE SOLD IN ORDINARY TRANSACTIONS THROUGH THE FACILITIES OF THE OSLO STOCK EXCHANGE WHICH ARE NOT PRE-ARRANGED WITH A BUYER IN THE UNITED STATES.

THE SHARES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY U.S. STATE OR OTHER JURISDICTION. THE COMPANY DOES NOT PLAN TO REGISTER THE ISSUANCE OR RESALE OF THE SHARES UNDER THE U.S. SECURITIES ACT.

THE SHARES MAY NOT BE RE-OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT (A) UNDER A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AS APPLICABLE OR (C) PURSUANT TO ANOTHER APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT; IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS, AND IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, ONLY IF THE COMPANY HAS RECEIVED DOCUMENTATION SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT.

See Section 15.10, "Selling and Transfer Restrictions."

The board of directors of the Oslo Stock Exchange approved the Company's application for a secondary listing of the Shares in a board meeting held on 22 June 2018.

Trading in the Shares on the Oslo Stock Exchange is expected to commence on or about 10 July 2018, under the trading symbol "SBLK R".

Investing in the Shares involves risks; see Section 2 "Risk Factors" beginning on page 16.
For the definitions of capitalised terms used throughout this Prospectus, see Section 18 "Definitions".

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The date of this Prospectus is 29 June 2018

IMPORTANT INFORMATION

This Prospectus has been prepared in order to provide information about the Company and its business solely for use in relation to the Listing and to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (the "**Norwegian Securities Trading Act**") and related legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses (the "**Prospectus Directive**") as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (hereafter "**EC Regulation 809/2004**"). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (Nw. *Finanstilsynet*) (the "**Norwegian FSA**") has reviewed and approved this Prospectus in accordance with Sections 7-7 and 7-8 of the Norwegian Securities Trading Act. The Norwegian FSA has not verified or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA relates to the information included in accordance with pre-defined disclosure requirements only. This Prospectus is valid for a period of 12 months from the date of approval by the Norwegian FSA.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, may affect the assessment of the Shares between the time when this Prospectus is approved and the date of listing of the Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the affairs of the Company or the Group or that the information herein is correct as of any date subsequent to the date of this Prospectus. Except as required by applicable law and stock exchange rules the Company does not undertake any duty to update the information in this Prospectus. The publication of this Prospectus shall not under any circumstances create any implication that there has been no change in the Company's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Listing other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or by any of the affiliates or advisors of the Company.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. The Company require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Shares described herein and no Shares are being offered or sold pursuant to this Prospectus in any jurisdiction.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. For further information on the manner of distribution of the Shares and the transfer restrictions to which they are subject, see Section 15.10 "Selling and Transfer Restrictions.

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Listing or this Prospectus.

Throughout this prospectus, the "Company," "Star Bulk," "we," "us" and "our" all refer to Star Bulk Carriers Corp. and its wholly owned subsidiaries.

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1. SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Company, it is possible that no relevant information can be given regarding the relevant Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A—Introduction and Warnings		
A.1	**Warning ....**	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Warning ....**	Not applicable. No consent is granted by the Company for the use of the Prospectus for subsequent resale or final placement of the shares.
Section B—Company		
B.1	**Legal and Commercial Name..........**	Star Bulk Carriers Corp.
B.2	**Domicile and Legal Form, Legislation and Country of Incorporation ....**	The Company was incorporated under the laws of the Republic of Marshall Islands on 13 December 2006.
B.3	**Current Operations, Principal Activities and Markets ....**	The Company is an international shipping company with extensive operational experience that owns and operates a fleet of dry bulk carrier vessels. On a fully delivered basis, the Company will have a fleet of 108 vessels consisting primarily of Newcastlemax, Capesize, Post Panamax, Kamsarmax, Panamax, Ultramax and Supramax vessels with a carrying capacity between 52,055 dwt and 209,537 dwt. The vessels transport a broad range of major and minor bulk commodities, including ores, coal, grains and fertilizers, along worldwide shipping routes. The Company's highly experienced executive management team, with an extensive shipping industry experience, is led by Mr. Petros Pappas, who has more than 40 years of shipping industry experience and has managed more than 350 vessel acquisitions and dispositions.
B.4a	**Significant Recent Trends ....**	The Company's market belief is that supply of vessels will grow at a slower pace over the next two years, given the slow

		pace of deliveries expected as the current orderbook suggests (i.e. 9.9% of the fleet), while healthy dry bulk demand growth is expected to lead to a supply/demand balance that will be more favourable for ship owners following a period of oversupply. The Company expects a net fleet growth over the next two years between 1.5% and 2.5%. The Company's beliefs of stronger dry bulk fundamentals suggest that fleet utilization will be running at a higher rate in 2018 than for 2017. Furthermore, as a result of a higher fleet utilization, the Company expects the positive spot freight levels seen in the second half of 2017 to continue in 2018.
B.5	**Description of the Group ....**	Star Bulk Carriers Corp. is the parent company of the Group and the operations of the Company are carried out through its operating subsidiaries.
B.6	**Interests in the Company and Voting Rights ....**	All of the shares in the Company are vested with equal rights, and each share carries one vote, except that the Oaktree Shareholders have certain special voting and other contractual rights pursuant to a Shareholders Agreement (please see section 14.6). As of the date of this Prospectus, and insofar as known to the Company, the following persons had, directly or indirectly, interest in 5% or more of the issued share capital of the Company (which constitutes a notifiable holding under the Norwegian Securities Trading Act): | | % | Oaktree Capital Group Holdings GP, LLC and certain of its advisory clients .... 45.3% Impala Asset Management LLC .... 6.1% Pappas Shareholders .... 5.6% Please see section 14.6 for more information in this respect The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.
B.7	**Selected Historical Key Financial Information..............................**	The table below sets out a summary of the Group's unaudited consolidated statement of operations for the three months ended 31 March 2018 and 2017, and the Group's audited consolidated statement of operations information for the years ended 31 December 2017, 2016 and 2015.

CONSOLIDATED STATEMENT OF OPERATIONS (In thousands of U.S. Dollars, except per share and share data)					
	Years ended 31 December (audited)			**Three months ended 31 March (unaudited)**	
	2015	**2016**	**2017**	**2017**	**2018**
Voyage revenues	234,035	221,987	331,976	64,866	121,057
Management fee income	251	119	-	-	-
	234,286	222,106	331,976	64,866	121,057
Voyage expenses	72,877	65,821	64,682	14,999	22,695
Charter-in hire expenses	1,025	3,550	5,325	855	16,470
Vessel operating expenses	112,796	98,830	101,428	24,415	26,273
Dry docking expenses	14,950	6,023	4,262	1,392	1,120
Depreciation	82,070	81,935	82,623	19,645	21,168
Management fees	8,436	7,604	7,543	1,814	1,930
General and administrative expenses	23,621	24,602	30,955	8,032	7,319
(Gain)/ Loss on forward freight agreements) and bunker swaps	-	(411)	841	797	812
Impairment loss	321,978	29,221	-	-	-
Loss on time charter agreement termination	2,114	-	-	-	-
Other operational loss	-	503	989	-	-
Other operational gain	(592)	(1,565)	(2,918)	(2,166)	(5)
(Gain)/ Loss on sale of vessel	20,585	15,248	(2,598)	369	-
	659,860	331,361	293,132	70,152	97,782
Operating income / (loss)	(425,574)	(109,255)	38,844	(5,286)	23,275
Interest and finance costs	(29,661)	(41,217)	(50,458)	(11,141)	(14,273)
Interest and other income	1,090	876	2,997	620	893
(Loss) / gain on derivative instruments, net	(3,268)	(2,116)	246	247	(1)
Loss on debt extinguishment	(974)	(2,375)	(1,257)	(358)	-
Total other expenses, net	(32,813)	(44,832)	(48,472)	(10,632)	(13,381)
Income/ (Loss) Before Equity in Income of Investee	(458,387)	(154,087)	(9,628)	(15,918)	9,894
Equity in income of investee	210	126	93	33	6
Income / (Loss) before taxes	(458,177)	(153,961)	(9,535)	(15,885)	9,900
Income taxes	-	(267)	(236)	(65)	-
Net income / (loss)	(458,177)	(154,228)	(9,771)	(15,950)	9,900
Earnings / (loss) per share, basic	(11.71)	(3.24)	(0.16)	(0.26)	0.15
Earnings / (loss) per share, diluted	(11.71)	(3.24)	(0.16)	(0.26)	0.15
Weighted average number of shares outstanding, basic	39,124,67 3	47,574,45 4	63,034,39 4	61,027,87 8	64,107,3 24
Weighted average number of shares	39,124,67	47,574,45	63,034,39	61,027,87	64,303,3

outstanding, diluted	3	4	4	8	56

The table below sets out a summary of the Group's unaudited consolidated balance sheet information as of 31 March 2018, and audited consolidated balance sheet information as of 31 December 2017, 2016 and 2015.

	As of 31 December (audited)			As of 31 March (unaudited)
	2015	**2016**	**2017**	**2018**
Cash and cash equivalents	208,056	181,758	257,911	248,158
Total current assets	252,058	228,466	312,626	311,219
Advances for vessels under construction and vessel acquisition	127,910	64,570	48,574	17,028
Vessels and other fixed assets, net	1,757,552	1,707,209	1,775,081	1,858,347
Total fixed assets	1,885,462	1,771,779	1,823,655	1,875,375
Total assets	2,148,846	2,011,702	2,145,764	2,196,083
Current portion of long-term debt and short term lease commitments	131,631	6,235	189,306	147,525
Total current liabilities	166,949	28,119	219,274	187,237
Total long-term debt including long term lease commitments, excluding current portion, net of unamortized deferred finance fees	795,267	896,332	789,878	862,733
8.00% Senior Notes due 2019 Notes and 8.30% Senior Notes due 2022 Notes, net of unamortized deferred finance fees	48,323	48,757	48,000	48,101
Total liabilities	1,013,488	974,472	1,057,712	1,098,694
Common stock	438	566	642	642
Stockholders' equity	1,135,358	1,037,230	1,088,052	1,097,389
Total liabilities and stockholders' equity	2,148,846	2,011,702	2,145,764	2,196,083

The table below sets out a summary of the Group's unaudited consolidated cash flow information for the three months ended 31 March 2018 and 2017, and audited consolidated cash flow information for the years ended 31 December 2017, 2016 and 2015. Please refer to Section 9 for more information in respect of how the statement of cash flow has been prepared.

	As of 31 December (audited)			For the three months ended 31 March (unaudited)	
	2015	**2016**	**2017**	**2017**	**2018**
Net cash provided by/(used in) operating activities	(14,578)	(33,232)	82,804	6,329	31,582
Net cash provided by/(used in) investing activities	(397,508)	(13,425)	(127,101)	(95,216)	(71,266)
Net cash provided by/(used in) financing activities	534,167	20,366	122,035	127,442	30,500

B.8	**Selected Key Pro Forma Financial Information**............................	Not applicable. No pro forma financial information is included in this Prospectus.
B.9	**Profit Forecast or Estimate**	Not applicable. No profit forecast or estimate is included in

		this Prospectus.
B.10	**Audit Report Qualification ....**	Not applicable. There are no qualifications in the audit reports.
B.11	**Working Capital ....**	As of the date of this Prospectus, the Company is of the opinion that the Group's working capital is sufficient for its present requirements and for at least the next twelve months from the date of this Prospectus.
	Section C—Securities	
C.1	**Type and Class of Securities Being Offered and Admitted to Trading and Identification Number ....**	The Company has one class of common shares, par value USD 0.01 per share, in issue, and all shares in that class have equal rights in the Company. The Oaktree Shareholders have certain special voting and other contractual rights pursuant to a Shareholders Agreement (please see section 14.6). The Shares will be issued under the laws of the Republic of the Marshall Islands, and registered with the VPS under ISIN MHY8162K2046. The Shares will be registered and trade under a separate trading symbol "SBLK R" on the Oslo Stock Exchange, until the U.S. resale restriction period of six months has expired, expected during January 2019.
C.2	**Currency of Shares ....**	The shares are issued in USD but will be quoted and traded in NOK on the Oslo Stock Exchange.
C.3	**Number of Shares and Par Value ....**	As of the date of this Prospectus, the Company's authorized share capital stock consists of 300,000,000 common shares, par value USD 0.01 per share; and 25,000,000 preferred shares, par value USD 0.01 per share. As of the date of this Prospectus the Company has issued and outstanding 67,464,739 common shares. No preferred shares are issued or outstanding. Following issuance of the Shares upon closing of the Songa Transaction, the total number of shares in the Company are expected to be 81,189,739, subject to any closing adjustments as provided in the relevant agreements. Following completion of the Transactions, the Company will have 91,714,966 common shares in issue, subject to adjustments as provided in the relevant agreements.
C.4	**Rights Attaching to the Securities ....**	All shares of the Company (including the Shares) are and will be vested with equal rights (except for shares held by the Oaktree Shareholders) under the laws of the Republic of the Marshall Islands and the Articles of Incorporation of the Company. Shareholders in the Company do not have any pre-emptive rights to subscribe for additional issues of the Company's shares. The Oaktree Shareholders have certain special voting and other contractual rights pursuant to a

		Shareholders Agreement (please see section 14.6).
C.5	**Restrictions on Transfer**	The Articles of Incorporation do not provide for any restrictions, or a right of first refusal, on transfer of Shares. Share transfers are not subject to approval by the Board of Directors. Sales of Shares in the US and to US investors will be subject to certain restrictions under securities laws of the United States. The Shares will be registered and trade under a separate trading symbol “SBLK R” on the Oslo Stock Exchange, until the U.S. resale restriction period of six months has expired, expected during January 2019 (see Section 5.5). During the same period, the Shares will not be eligible for trading on NASDAQ.
C.6	**Admission to Trading**	The Star Bulk Shares are currently trading on NASDAQ under the trading symbol “SBLK” and will be subject to a secondary listing on the Oslo Stock Exchange. However, for a six months period expected to end on or about 10 January 2019, only the Shares will be registered with the VPS and hence be capable of trading on the Oslo Stock Exchange. The Company currently expects commencement of trading in the Shares on the Oslo Stock Exchange on or around 10 July 2018 under the trading symbol “SBLK R”.
C.7	**Dividend Policy**	The Company pays dividends, if any, on a quarterly basis from the Company’s operating surplus, in amounts that allow the Company to retain a portion of its cash flows to fund vessel or fleet acquisitions, and for debt repayment and other corporate purposes, as determined by its management and Board of Directors. The declaration and payment of dividends will be subject at all times to the discretion of the Company’s board of directors. The timing and amount of dividends will depend on the Company’s earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in the Company’s loan agreements, the provisions of Marshall Islands law affecting the payment of dividends and other factors. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent, or would be rendered insolvent upon the payment of such dividends, or if there is no surplus, dividends may be declared or paid out of net profits for the fiscal year in which the dividend is declared, and for the preceding fiscal year. The Company is currently prohibited from paying dividends under its loan facilities, until all deferred amounts have been fully paid. No dividends were paid in 2017, 2016 or 2015.
		Section D—Risks
D.1	**Key Risks Specific to the Company or its Industry**	*Key risks related to the Company and the Industry in which*

		the Group operates • Charter hire rates for dry bulk vessels are volatile and have declined significantly the past years since their historic highs and may remain at low levels or further decrease in the future, which may adversely affect the Group's earnings, revenue and profitability and its ability to comply with applicable loan covenants. • Global economic conditions may continue to negatively impact the dry bulk shipping industry. • The instability of the euro or the inability of countries to refinance their debts could have a material adverse effect on the Company's revenue, profitability and financial position. • Political uncertainty and the rise of populist or nationalist political parties could have a material adverse effect on the Company's revenue, profitability and financial position. • If economic conditions throughout the world do not improve, it may negatively affect the Group's results of operations, financial condition and cash flows, and may adversely affect the market price of the Company's shares. • Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on the Group's business, financial condition and results of operations. • The Group conduct a substantial amount of business in China. The legal system in China has inherent uncertainties that could have a material adverse effect on the Group's business, financial condition and results of operations. • The market values of the Group's vessels have declined in recent years and may further decline, which could limit the amount of funds that the Group can borrow, cause the Group to breach certain financial covenants in its credit facilities or result in impairment charges, and the Group may incur a loss if it sells vessels following a decline in their market value. • Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect the Group's business. • The Group is subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business. • In order to comply with emerging ballast water treatment requirements, the Group may have to purchase ballast

		water treatment systems for its fleet and modify its vessels to accommodate such systems. • Acts of piracy on ocean-going vessels have had and may continue to have an adverse effect on the Group's business • The Group could face penalties under European Union, United States or other economic sanctions which could adversely affect our reputation, our financial results and the market for the Company's shares. • The Group's operating results are subject to seasonal fluctuations. • The Group is subject to international safety regulations, and the failure to comply with these regulations may subject the Group to increased liability, may adversely affect its insurance coverage and may result in a denial of access to, or detention in, certain ports. • Increased inspection procedures and tighter import and export controls could increase costs and disrupt the Group's business. • The operation of dry bulk carriers entails certain operational risks that could affect the Group's earnings and cash flow. • Fuel, or bunker, prices and marine fuel availability may adversely affect the Group's profits. • The Group's business has inherent operational risks, which may not be adequately covered by insurance. • The Group may be subject to calls because we obtain some of our insurance through protection and indemnity associations. • The smuggling of drugs or other contraband onto the Group's vessels may lead to governmental claims against the Group. • Maritime claimants could arrest one or more of the Group's vessels, which could interrupt the Group's cash flow. • Governments could requisition the Group's vessels during a period of war or emergency, resulting in a loss of earnings. • Failure to comply with the U.S. Foreign Corrupt Practices Act (the "FCPA") could result in fines, criminal penalties, charter terminations and an adverse effect on the Group's business. • Because the Group generates all of its revenues in U.S. dollars but incur a portion of its expenses in other

currencies, exchange rate fluctuations could have an adverse impact on the Group's results of operations.

- The Group cannot assure you that it will be successful in finding employment for all of its vessels.

- The Group's leverage could significantly limit its ability to execute its business strategy and has increased the risk of default under its debt obligations.

- The Group is subject to certain risks with respect to counterparties on contracts, and failure of such counterparties to meet their obligations could cause the Group to suffer losses or otherwise adversely affect its business.

- The Company is currently prohibited from paying dividends under its debt agreements, and may be unable to pay dividends in the future.

- The Group may be may be unable to attract and retain qualified, skilled employees or crew necessary to operate its business.

- As the Group expand its fleet, it will need to expand its operations and financial systems and hire new shoreside staff and seafarers to staff its vessels; if the Group cannot expand these systems or recruit suitable employees, the Group's performance may be adversely affected.

- The aging of the Group's vessels may result in increased operating costs in the future, which could adversely affect the Group's earnings.

- Technological innovation could reduce the Group's charter hire income and the value of our vessels.

- The Group rely on its information systems to conduct its business, and failure to protect these systems against security breaches could adversely affect the Group's business and results of operations. Additionally, if these systems fail or become unavailable for any significant period of time, the Group's business could be harmed.

- In the highly competitive international shipping industry, the Group may not be able to compete for charters with new entrants or established companies with greater resources, and as a result, the Group may be unable to employ its vessels profitably.

- The Group may be subject to litigation that, if not resolved in the Group's favor and not sufficiently insured against, could have a material adverse effect on the Group.

- The Group may have difficulty managing its planned growth

		properly. • The Group will be exposed to volatility in the LIBOR (including any replacement interest quotation system) and intend to selectively enter into derivative contracts, which can result in higher than market interest rates and charges against the Group's income. • The Group have made and in the future may make acquisitions and significant strategic investments and acquisitions, which may involve a number of risks. If the Group is unable to address these risks successfully, such acquisitions and investments could have a materially adverse impact on the Group's business, financial condition and results of operations. • There is a risk that the Company could be treated as a U.S. domestic corporation for U.S. federal income tax purposes after the merger of Star Maritime with and into Star Bulk, with Star Bulk as the surviving corporation, or the Redomiciliation Merger, which would adversely affect the Group's earnings. • The Group may have to pay U.S. federal income tax on its U.S. source income, which would reduce its earnings. • A change in tax laws, treaties or regulations, or their interpretation could result in a significant negative impact on the Group's earnings and cash flows from operations. • The Internal Revenue Service could treat the Company as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. shareholders.
D.3	**Key Risks Specific to the securities ..**	*Key risks related to the shares* • The Company's share price may be highly volatile and future sales of its common shares could cause the market price of its common shares to decline. • Investors may not be able to exercise their voting rights for shares registered in a nominee account. • Future issuance of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the shares. • Investors may not be able to exercise their voting rights for shares registered on a nominee account. • Investors may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or officers in the Marshall Islands.

		• Holders of Shares outside of Norway are subject to exchange rate risk.
	Section E—Offer	
E.1	**Proceeds and Estimated Expenses ....**	Not applicable. There is no offering of Shares
E.2 a	**Reasons for the Offering ....**	Not applicable. There is no offering of Shares
E.3	**Terms and Conditions for the Offer ..**	Not applicable. There is no offering of Shares.
E.4	**Material and Conflicting Interests .....**	Not applicable. There is no offering of Shares.
E.5	**Selling Shareholders and Lock-Up Agreements ....**	Not applicable. There is no offering of Shares, however, as part of the Songa Transaction, each of Arne Blystad, and Magnus Roth and certain companies controlled by them, have entered into a lock-up agreement with the Company, pursuant which they shall not sell, transfer, pledge or otherwise dispose of any Shares owned by them or parties related to them (including companies controlled by each of them or their related parties, respectively), for a period of 90 days from the first day of the Listing.
E.6	**Dilution ....**	Not applicable. There is no offering of Shares.
E.7	**Estimated Expenses Charged to Investors ....**	Not applicable. There is no offering of Shares.

2. RISK FACTORS

An investment in the Shares involves inherent risks. An investor should consider carefully all information set forth in this Prospectus and, in particular, the specific risk factors set out below. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of the entire investment. If any of the risks described below materialise, individually or together with other circumstances, they may have a material adverse effect on the Group's business, financial condition, results of operations and cash flow, which may affect the ability of the Group to pay dividends and cause a decline in the value and trading price of the Shares that could result in a loss of all or part of any investment in the Shares. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence or their severity or significance. The information in this Section is as of the date of this Prospectus.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information in this Section 2 is as of the date of this Prospectus.

2.1 Risks Relating to the Company and the Industry in which the Group Operates

Charter hire rates for dry bulk vessels are volatile and have declined significantly the past years since their historic highs and may remain at low levels or further decrease in the future, which may adversely affect our earnings, revenue and profitability and our ability to comply with our loan covenants.

The dry bulk shipping industry is cyclical with high volatility in charter hire rates and profitability. The degree of charter hire rate volatility among different types of dry bulk vessels has varied widely, and in recent years, charter hire rates for dry bulk vessels have declined significantly from historically high levels. In the past, time charter and spot market charter rates for dry bulk carriers have declined below operating costs of vessels (including as recently as 2018). The Baltic Dry Index, or the "BDI", a daily average of charter rates for key dry bulk routes published by the Baltic Exchange Limited, which has long been viewed as the main benchmark to monitor the movements of the dry bulk vessel charter market and the performance of the entire dry bulk shipping market, declined from a high of 11,793 in May 2008 to a low of 290 in February 2018, which represents a decline of 98%. In 2017, the BDI ranged from a low of 685 in February, 2017, to a high of 1,743 in December 2017. As of 15 June 2018, the BDI was 1,445.

Our ability to be profitable will depend upon a number of factors. Fluctuations in charter rates result from changes in the supply of and demand for vessel capacity and changes in the supply of and demand for the major commodities carried by water internationally. Because the factors affecting the supply of and demand for vessels are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable. Since we charter our vessels principally in the spot market, we are exposed to the cyclicality and volatility of the spot market. Spot market charter hire rates may fluctuate significantly based upon available charters and the supply of and demand for seaborne shipping capacity, and we may be unable to keep our vessels fully employed in these short-term markets. Alternatively, charter rates available in the spot market may be insufficient to enable our vessels to operate profitably. A significant decrease in charter rates would also affect asset values and adversely affect our profitability, cash flows and our ability to pay dividends, if any.

Factors that influence the demand for dry bulk vessel capacity include:

- supply of and demand for energy resources, commodities, consumer and industrial products;
- changes in the exploration or production of energy resources, commodities, consumer and industrial products;
- the location of regional and global exploration, production and manufacturing facilities;
- the location of consuming regions for energy resources, commodities, consumer and industrial products;

- the globalization of production and manufacturing;
- global and regional economic and political conditions, including armed conflicts and terrorist activities, embargoes and strikes;
- natural disasters;
- embargoes and strikes;
- disruptions and developments in international trade, including trade disputes or the imposition of tariffs on various commodities or finished goods;
- changes in seaborne and other transportation patterns, including the distance cargo is transported by sea;
- environmental and other regulatory developments;
- currency exchange rates; and
- weather.

Factors that influence the supply of dry bulk vessel capacity include:

- the number of newbuilding orders and deliveries including slippage in deliveries;
- number of shipyards and ability of shipyards to deliver vessels;
- port and canal congestion;
- the scrapping rate of vessels;
- speed of vessel operation;
- vessel casualties;
- the number of vessels that are out of service, namely those that are laid-up, dry docked, awaiting repairs or otherwise not available for hire;
- availability of financing for new vessels;
- national or international regulations that may effectively cause reductions in the carrying capacity of vessels or early obsolescence of tonnage; and
- changes in environmental and other regulations that may limit the useful lives of vessels.

In addition to the prevailing and anticipated freight rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to scrap prices, costs of bunkers and other operating costs, costs associated with classification society surveys, normal maintenance costs, insurance coverage costs, the efficiency and age profile of the existing dry bulk fleet in the market, and government and industry regulation of maritime transportation practices, particularly environmental protection laws and regulations. These factors are outside of our control, and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

We anticipate that the future demand for our dry bulk vessels will be dependent upon economic growth in the world's economies, including China, Japan and India, seasonal and regional changes in demand, changes in the capacity of the global dry bulk fleet, including vessel scrapping and ordering rates of newbuildings, and the sources and supply of dry bulk cargo to be transported by sea. A decrease in the level of China's imports of raw materials or a decrease in trade globally could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our results of operations, financial condition and cash flows. Global dry bulk fleet growth is expected to decline over the next two years, as a result of low orders placed over the past three years and thus low expected deliveries. Although global economic conditions have improved, there can be no assurance as to the sustainability of future economic growth. Adverse economic, political, social, geo-political or other developments could have a material adverse effect on our business, financial condition and operating results.

If we are required to charter our vessels at a time when demand and charter rates are very low, we may not be able to secure employment for our vessels at all, or we may have to accept reduced and potentially unprofitable rates. If we are unable to secure profitable employment for our vessels, we may decide to lay-up some or all unemployed vessels until such time that charter rates become attractive again. During the lay-up period, we will continue to incur some expenditures, such as insurance and maintenance costs, for each such vessel. Additionally, before exiting lay-up, we will have to pay reactivation costs for any such vessel to regain its operational condition. As a result, our business, financial condition, results of operations and cash flows, as well as our ability to pay dividends, if any, in the future, and compliance with covenants in our credit facilities, may be affected.

Global economic conditions may continue to negatively impact the dry bulk shipping industry.

Slow growth rates in the global economy may negatively impact the dry bulk industry. General market volatility has endured over the last several years as a result of uncertainty about the growth rate of the world economy and the Chinese economy in particular, on which the dry bulk industry depends to a significant degree. Freight and charter rates have declined significantly in recent years, but have increased from historic lows due to a recent improvement of demand for dry bulk commodities, as well as due to slowing growth rates in the supply of dry bulk newbuilding vessel deliveries. Although supply and demand fundamentals have improved, in recent years the relatively weak global economic conditions have and may continue to have a number of adverse consequences for dry bulk and other shipping sectors, including, among other things:

- low charter rates, particularly for vessels employed on short-term time charters or in the spot market;
- decreases in the market value of dry bulk vessels and limited secondhand market for the sale of vessels;
- limited financing for vessels;
- widespread loan covenant defaults; and
- declaration of bankruptcy by certain vessel operators, vessel owners, shipyards and charterers.

The occurrence of one or more of these events could have a material adverse effect on our business, results of operations, cash flows and financial condition.

The current state of global financial markets and current economic conditions may adversely impact our results of operations, financial condition, cash flows and ability to obtain financing or refinance our existing and future credit facilities on acceptable terms, which may hinder or prevent us from operating or expanding our business.

Global financial markets and economic conditions have been, and continue to be, volatile. Credit markets and the debt and equity capital markets have been distressed and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide. These issues, along with significant write-offs in the financial services sector, the re-pricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all. Economic conditions may also adversely affect the market price of our common shares.

Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased as many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased, to provide funding to borrowers. Due to these factors, we cannot be certain that financing will be available to the extent required, or that we will be able to refinance our existing and future credit facilities on acceptable terms, or at all. If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to enhance our existing business, complete the acquisition of our newbuildings and additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

The instability of the euro or the inability of countries to refinance their debts could have a material adverse effect on our revenue, profitability and financial position.

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the "**EFSF**"), and the European Financial Stability Mechanism (the "**EFSM**"), to provide funding to Eurozone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism, which was established on 27 September 2012 to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries. Despite these measures, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations and the overall stability of the euro. An extended period of adverse developments in the outlook for European countries could reduce the overall demand for dry bulk cargoes and for our services. These potential developments, or market perceptions concerning these and related issues, could affect our financial position, results of operations and cash flows.

Political uncertainty and the rise of populist or nationalist political parties could have a material adverse effect on our revenue, profitability and financial position.

As a result of the lingering effects of the recent global financial crisis and the limited global recovery, the rise of populist or nationalist political parties and economic nationalist sentiments has led to increasing political uncertainty and unpredictability throughout the world. On 23 June 2016, the United Kingdom held a referendum at which the electorate voted to leave the Council of the European Union (the "E.U."). On 29 March 2017, the government of the United Kingdom invoked article 50 of the Treaty of Lisbon (the "**Treaty**") and formally initiated the withdrawal of the United Kingdom from the E.U. The Treaty provides for a period of up to two years for negotiation of withdrawal arrangements, at the end of which (whether or not agreement has been reached) the treaties cease to apply to the withdrawing Member State unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. While the government of the United Kingdom and the E.U. continue the withdrawal negotiations, and possibly after these negotiations have been completed, there is considerable uncertainty as to the position of the United Kingdom and the arrangements which will apply to its relationships with the E.U. and other countries following its withdrawal. This uncertainty may affect other countries in the E.U., or elsewhere, if they are considered to be impacted by these events. Additionally, political parties in several other E.U. member states have proposed that a similar referendum be held on their country's membership in the E.U. It is unclear whether any other E.U. member states will hold such referendums, but such referendums could result in one or more other countries leaving the E.U. or in major reforms being made to the E.U. or to the Eurozone. These potential developments, market perceptions concerning these and related issues and the attendant regulatory uncertainty regarding, for example, the posture of governments with respect to taxation and international trade and law enforcement, could have a material adverse effect on our revenue, profitability and financial position.

The rise of populist or nationalist political parties may lead to increased trade barriers, trade protectionism and restrictions on trade. Our operations expose us to the risk that increased trade protectionism will adversely affect our business. If the continuing global recovery is undermined by downside risks and the recent economic downturn is prolonged, governments, especially populist governments, may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing the demand for shipping. Specifically, increasing trade protectionism in the markets that our charterers serve has caused and may continue to cause an increase in: (1) the cost of goods exported from China, (2) the length of time required to deliver goods from China and (3) the risks associated with exporting goods from China, as well as a decrease in the quantity of goods to be shipped.

Any increased trade barriers or restrictions on trade, especially trade with China, would have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. As an example of such restrictions, in March 2018, President Trump signed a proclamation imposing a 25% ad valorem tariff on steel products imported into the United States, with the exception of steel imported from Canada, Mexico and Australia. The US government is considering exemption requests from other exporting countries. In response to these tariffs, the E.U. and other countries are evaluating the use the retaliatory measures, which would further increase the barriers to trade. Any increased trade barriers or restrictions on trade could have a material adverse effect on our business, results of operations and financial condition.

If economic conditions throughout the world do not improve, it may negatively affect our results of operations, financial condition and cash flows, and may adversely affect the market price of our common shares.

Negative trends in the global economy that emerged in 2008 continue to adversely affect global economic conditions. In addition, the world economy is currently facing a number of new challenges, recent turmoil and hostilities in various regions, including Syria, Iraq, North Korea, North Africa and Ukraine. The weakness in the global economy has caused, and may continue to cause, a decrease in worldwide demand for certain goods and, thus, shipping. Additionally, global financial markets and economic conditions have been, and continue to be volatile. Credit markets and the debt and equity capital markets have been distressed and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide. Continuing instability could have a material adverse effect on our ability to implement our business strategy.

We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. Major market disruptions and the current adverse changes in market conditions and regulatory climate in the United States and worldwide may adversely affect our business or impair our ability to borrow amounts under credit facilities or any future financial arrangements. The recent and developing economic and governmental factors, together with possible further declines in charter rates and vessel values, may have a material adverse effect on our results of operations, financial condition or cash flows, or the trading price of our common shares.

Continued economic slowdown in the Asia Pacific region, particularly in China, may exacerbate the effect on us, as we anticipate a significant number of the port calls made by our vessels will continue to involve the loading or discharging of dry bulk commodities in ports in the Asia Pacific region. Before the global economic financial crisis that began in 2008, China had one of the world's fastest growing economies in terms of GDP, which had a significant impact on shipping demand. As published by the Chinese National Bureau of Statistics, based on the country's preliminary accounting results, the growth rate of China's GDP the year ended 31 December 2017 was 6.9%. This growth rate is well below pre-2008 levels, albeit within the government's targets. China has imposed measures to restrain lending from time to time, which may further contribute to a slowdown in its economic growth China has also announced plans to gradually transition from an investment led growth model to a consumption driven economic growth model, which could lead to smaller demand for iron ore and other commodities, and result in a decrease of demand in China for shipping. This transition may take place over the span of a number of years, and there can be no assurance as to the time frame for such a transformation or that any such transformation will occur at all. Overall, though, it is possible that China and other countries in the Asia Pacific region will continue to experience slowed or even negative economic growth in the future. Moreover, the current economic slowdown in the economies of the United States, the European Union and other Asian countries may further adversely affect economic growth in China and elsewhere. Our business, financial condition and results of operations, ability to pay dividends, if any, as well as our future prospects, will likely be materially and adversely affected by a further economic downturn in any of these countries.

Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on our business, financial condition and results of operations.

The Chinese economy differs from the economies of western countries in such respects as structure, government involvement, level of development, growth rate, capital reinvestment, allocation of resources, bank regulation, currency and monetary policy, rate of inflation and balance of payments position. Prior to

1978, the Chinese economy was a "planned economy." Since 1978, increasing emphasis has been placed on the utilization of market forces in the development of the Chinese economy. Annual and five-year State Plans are adopted by the Chinese government in connection with the development of the economy. Although state-owned enterprises still account for a substantial portion of the Chinese industrial output, in general, the Chinese government is reducing the level of direct control that it exercises over the economy through State Plans and other measures. There is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a "market economy" and enterprise reform. Limited price reforms were undertaken with the result that prices for certain commodities are principally determined by market forces. In addition, economic reforms may include reforms to the banking and credit sector and may produce a shift away from the export-driven growth model that has characterized the Chinese economy over the past few decades. Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. The level of imports to and exports from China could be adversely affected by the failure to continue market reforms or changes to existing pro-export economic policies. The level of imports to and exports from China may also be adversely affected by changes in political, economic and social conditions (including a slowing of economic growth) or other relevant policies of the Chinese government, such as changes in laws, regulations or export and import restrictions, internal political instability, changes in currency policies, changes in trade policies and territorial or trade disputes. For instance, the government of China has implemented economic policies aimed at increasing domestic consumption of Chinese-made goods and restricting currency exchanges within China. This may have the effect of reducing the supply of goods available for export and may, in turn, result in a decrease of demand for shipping. A decrease in the level of imports to and exports from China could adversely affect our business, operating results and financial condition.

Similarly, a negative change in the economic or regulatory conditions in any significant Asian economy, including Japan and India, could reduce dry bulk trade and demand, which could reduce charter rates and have a material adverse effect on our business, financial condition and results of operations.

We conduct a substantial amount of business in China. The legal system in China has inherent uncertainties that could have a material adverse effect on our business, financial condition and results of operations.

The Chinese legal system is based on written statutes and their interpretations by the Standing Committee of the National People's Congress and the Supreme People's Court. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, there is a general lack of authoritative interpretive guidance and because of the limited number of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. We conduct a substantial portion of our business in China or with Chinese counter parties. For example, we enter into charters with Chinese customers, which charters may be subject to the laws and regulations in China. We may, therefore, be required to incur compliance or other administrative costs, and pay new taxes or other fees to the Chinese government. In addition, a number of our newbuilding vessels are being built at Chinese shipyards. Changes in laws and regulations, including with regards to tax matters, and their implementation by local authorities could affect our vessels that are either chartered to Chinese customers or that call to Chinese ports and our vessels being built at Chinese shipyards, and could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends.

The market values of our vessels have declined in recent years and may further decline, which could limit the amount of funds that we can borrow, cause us to breach certain financial covenants in our credit facilities or result in impairment charges, and we may incur a loss if we sell vessels following a decline in their market value.

The fair market values of dry bulk vessels have generally experienced high volatility in recent years. The fair market value of our vessels may continue to fluctuate depending on a number of factors, including:

- prevailing level of charter hire rates;
- general economic and market conditions affecting the shipping industry;
- types, sizes and ages of vessels;
- supply of and demand for vessels;
- other modes of transportation;
- distressed asset sales, including newbuilding contract sales below acquisition costs due to lack of financing
- cost of newbuildings;
- governmental or other regulations;
- the need to upgrade vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise;
- changes in environmental and other regulations that may limit the useful life of vessels;
- technological advances; and
- competition from other shipping companies and other modes of transportation.

If the fair market value of our vessels declines, we might not be in compliance with various covenants in our ship financing facilities, some of which require the maintenance of a certain percentage of fair market value of the vessels securing the facility to the principal outstanding amount of the loans under the facility or a maximum ratio of total liabilities to market value of adjusted total assets.

Under such circumstances, we may have to prepay the amount outstanding under a loan agreement, pay a certain amount to cover the security shortfall or provide additional security to remedy the security shortfall upon request by the relevant lenders. If we fail to take any such requested measures, such circumstances could result in an event of default under our loan agreements. In such circumstances, we may not be able to refinance our debt or obtain additional financing on terms that are acceptable to us or at all. If we are not able to comply with the covenants in our credit facilities and are unable to remedy the relevant breach, our lenders could accelerate our debt and foreclose on our vessels, or the funds required to pay for a vessel may not be available at the time the payments are due to the shipbuilder or seller.

Furthermore, due to the decline during the past years in vessel values, we have recorded an impairment charge in prior years in our consolidated financial statements which have adversely affected our financial results. In addition, because we sold vessels at a time when vessel prices had fallen and before we recorded an impairment adjustment to our consolidated financial statements, the sale proceeds were less than the vessels' carrying value on our consolidated financial statements, resulting in a loss and a reduction in earnings.

The value of our long-lived assets can become further impaired, as indicated by factors such declines in the fair market value of vessels, decreases in market charter rates, vessel sale and purchase considerations, fleet utilization, regulatory changes in the dry bulk shipping industry or changes in business plans or overall market conditions that may adversely affect cash flows. We will continue testing for impairment regularly, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Our financial results may be similarly affected in the future if we record an impairment charge or sell vessels before we record an impairment adjustment. Conversely, if vessel values are elevated at a time when we wish to acquire additional vessels, the cost of such acquisitions may increase and this could adversely affect our business, results of operations, cash flow and financial condition.

Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect our business.

The vast majority of commercial vessels are built to safety and other vessel requirements established by private classification, or class, societies such as the American Bureau of Shipping. The class society certifies that a vessel is safe and seaworthy in accordance with its standards and regulations, which is an element of compliance with the International Convention for the Safety of Life at Sea of 1974 ("**SOLAS**"), and, where so engaged, the applicable conventions, rules and regulations adopted by the country of registry of the vessel. Every classed vessel is subject to a specific program of periodic class surveys consisting of annual surveys, an intermediate survey and a class renewal or special survey normally every five years. Surveys become more intensive as the vessel ages.

In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle under which the machinery would be surveyed periodically over a five-year period. Every vessel is also required to be taken out of the water in a dry dock every two and a half to five years for inspection of its underwater parts.

Compliance with class society recommendations and requirements may result in significant expense. If any vessel does not maintain its class or fails any annual, intermediate or special survey, the vessel will be unable to trade between ports and will be unemployable and uninsurable until such failures are remedied, which could negatively impact our results of operations and financial condition.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Our operations are subject to numerous international, national, state and local laws, regulations, treaties and conventions in force in international waters and the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. These laws and other legal requirements include, but are not limited to, the U.S. Act to Prevent Pollution from Ships, the U.S. Oil Pollution Act of 1990 (the "**OPA**"), the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, the U.S. Clean Air Act, the U.S. Clean Water Act, the U.S. Ocean Dumping Act, 1972, the U.S. Maritime Transportation Security Act of 2002 and international conventions issued under the auspices of the United Nations International Maritime Organization including the International Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, 1972 as modified by the 1996 London Protocol, the International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978, the International Convention for the Safety of Life at Sea, 1974, and the International Convention on Load Lines, 1966. Compliance with such laws and other legal requirements may require vessels to be altered, costly equipment to be installed or operational changes to be implemented and may decrease the resale value or reduce the useful lives of our vessels. Such compliance costs could have a material adverse effect on our business, financial condition and results of operations. A failure to comply with applicable laws and other legal requirements may result in administrative and civil monetary fines and penalties, additional compliance plans or programs or other ongoing increased compliance costs, criminal sanctions or the suspension or termination of our operations. Because such laws and other legal requirements are often revised, we cannot predict the ultimate cost of complying with them or their impact on the resale prices or useful lives of our vessels. Additional conventions, laws and regulations or other legal requirements may be adopted which could limit our ability to do business or increase the cost of our doing business and which may materially adversely affect our business, financial condition and results of operations.

Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Under OPA, for example, owners, operators and bareboat charterers are jointly and severally strictly liable for the discharge of oil within the 200-mile exclusive economic zone around the United States. Furthermore, environmental, safety, manning and other laws and legal requirements have become more stringent and impose greater costs on vessels after significant vessel related accidents like the grounding of the Exxon Valdez in 1989 and the explosion and oil spill in 2010 with respect to the Deepwater Horizon offshore oil drilling rig. Similar unpredictable events may result in further regulation of the shipping industry as well as modifications to statutory liability schemes, which could have a material adverse effect on our business, financial condition and results of operations. An oil spill caused by one of our vessels or attributed to one of our vessels could result in significant company liability, including fines, penalties and criminal liability and remediation costs for natural resource and other damages under a variety of laws and legal requirements, as well as third-party damages.

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, and certificates with respect to our operations and to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Any such insurance may not be sufficient to cover all such liabilities and it may be difficult to obtain adequate coverage on acceptable terms in certain market conditions. Claims against our vessels whether covered by insurance or not may result in a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends, if any, in the future.

In order to comply with emerging ballast water treatment requirements, we may have to purchase ballast water treatment systems for 65 vessels of our fleet and modify our vessels to accommodate such systems.

Many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive harmful species via such discharges. The United States, for example, requires vessels entering its waters from another country to conduct mid-ocean ballast exchange, or undertake some alternative measure, and to comply with certain reporting requirements. The International Convention for the Control and Management of Ships' Ballast Water and Sediments (the "**BWM Convention**"), adopted by the UN International Maritime Organization in February 2004, calls for the phased introduction of mandatory reducing living organism limits in ballast water over time. In general, ships whose keel was laid after September 8, 2017 must comply with these requirements upon their delivery, while existing ships must comply by the first renewal of the International Oil Pollution Prevention certificate (the "**IOPP**") after September 8, 2019. Although the BWM Convention took effect on 8 September 2017 (or after 8 September 2019 in case no IOPP renewal has been credited between 8 September 2014 and 8 September 2017), it has not been ratified by the United States. The United States Coast Guard (the "**USCG**"), however, has adopted ballast water treatment regulations that impose ballast water discharge standards similar to those of the BWM Convention. The USCG has created mandatory testing procedures to prove a ballast water management system meets the USCG's discharge standards. The USCG has so far approved six mechanical systems that satisfy the USCG's regulations on ballast water treatment. The USCG previously provided five year waivers to vessels already fitted with the as-yet unapproved system from their scheduled compliance date. The USCG also provides extensions to compliance for vessels not presently fitted with ballast water treatment systems, with such extensions generally bringing USCG compliance dates closer to relevant requirements by BWM Convention. Vessels now requiring such a waiver will need to show why they cannot install the ballast water treatment.

Overall, in order to comply with these living organism limits, vessel owners may have to install expensive ballast water treatment systems or make port facility disposal arrangements and modify existing vessels to accommodate those systems. We cannot predict whether other countries will adopt the BWM Convention or similar requirements unilaterally. Adoption of the BWM Convention standards could have an adverse material impact on our business, financial condition and results of operations depending on the available ballast water treatment systems and the extent to which existing vessels must be modified to accommodate such systems.

Acts of piracy on ocean-going vessels have had and may continue to have an adverse effect on our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and in the Gulf of Aden off the coast of Somalia. Although the frequency of sea piracy worldwide has decreased to its lowest level since 2009, sea piracy incidents continue to occur, particularly in the Gulf of Aden off the coast of Somalia and increasingly in the Gulf of Guinea and the West Coast of Africa, with dry bulk vessels particularly vulnerable to such attacks. If these piracy attacks result in regions in which our vessels are deployed being characterized as "war risk" zones by insurers, as the Gulf of Aden temporarily was in May 2008, or Joint War Committee "war and strikes" listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including those due to employing onboard security guards, could increase in such circumstances. Furthermore, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not "on-hire" for a certain number of days and is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, any detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability, of insurance for our vessels, could have a material adverse impact on our business, financial condition, cash flows and results of operations.

We could face penalties under European Union, United States or other economic sanctions which could adversely affect our reputation, our financial results and the market for our common shares.

Our business could be adversely impacted if we are found to have violated economic sanctions, prohibitions or other restrictions imposed by the United States or other governments or organizations, including the United Nations, the E.U. and its member countries or another applicable jurisdiction against countries or territories such as Iran, Sudan, Syria North Korea, Cuba and Crimea. U.S. economic sanctions, for example, prohibit a wide scope of conduct, target numerous countries and individuals, are frequently updated or changed and have vague application in many situations.

Many economic sanctions can relate to our business, including prohibitions on doing business with certain countries or governments, as well as prohibitions on dealings of any kind with entities and individuals that appear on sanctioned party lists issued by the United States, the E.U., and other jurisdictions (and, in some cases, entities owned or controlled by such listed entities and individuals). For example, on charterers' instructions, our vessels may from time to time call on ports located in countries subject to sanctions imposed by the United States, the E.U. or other applicable jurisdictions. As another example, certain of our charterers or other parties that we have entered into contracts with regarding our vessels may be affiliated with persons or entities that are the subject of sanctions imposed by the United States, the E.U. or other applicable jurisdictions as a result of the annexation of Crimea by Russia in 2014 or subsequent developments in eastern Ukraine. If we determine that such sanctions require us to terminate existing contracts or if we are found to be in violation of such applicable sanctions, our results of operations may be adversely affected or we may suffer reputational harm.

Additionally, the U.S. Iran Threat Reduction Act (which was signed into law in 2012) amended the Exchange Act to require issuers that file annual or quarterly reports under Section 13(a) of the Exchange Act to include disclosure in their annual and quarterly reports as to whether the issuer or its affiliates have knowingly engaged in dealings with certain types of counterparties in Iran or with certain entities or individuals appearing on U.S. sanctioned party lists We are not required to make such a disclosure in this report, but have made such a disclosure in the past and may need to do so again in the future.

Although we believe that we are in compliance with applicable sanctions laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the relevant sanctions restrictions are often ambiguous and change regularly. Any such violation could result in fines or other penalties that could severely impact our ability to access U.S. and European capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. Even inadvertent violations of economic sanctions laws and regulations can result in the imposition of material fines and restrictions and could adversely affect our business, financial condition and results of operations, our reputation, and the market price of our common shares. In addition, regardless of any violation of applicable sanctions laws, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have ties of any kind to countries identified by the United States as state sponsors of terrorism (currently, Iran, North

Korea, Sudan and Syria). The determination by these investors not to invest in, or to divest from, our common stock may adversely affect the price at which our common stock trades. Moreover, our charterers may violate applicable sanctions laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation.

Our operating results are subject to seasonal fluctuations.

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. This seasonality may result in volatility in our operating results to the extent that we enter into new charter agreements or renew existing agreements during a time when charter rates are weaker or we operate our vessels on the spot market or index based time charters, which may result in quarter-to-quarter volatility in our operating results. The dry bulk sector is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. Since we charter our vessels principally in the spot market, our revenues from our dry bulk carriers may be weaker during the fiscal quarters ended 30 June and 30 September, and stronger during the fiscal quarters ended 31 December and 31 March.

We are subject to international safety regulations, and the failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the United Nations' International Maritime Organization's International Management Code (the "**ISM Code**"). The ISM Code requires shipowners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation of vessels and describing procedures for dealing with emergencies. In addition, vessel classification societies impose significant safety and other requirements on our vessels.

The failure of a shipowner or bareboat charterer to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. Each of our existing vessels is ISM Code-certified, and each of the vessels that we have agreed to acquire will be ISM Code-certified when delivered to us. However, if we are found not to be in compliance with ISM Code requirements, we may have to incur material direct and indirect costs to resume compliance and our insurance coverage could be adversely impacted as a result of compliance. Our vessels may also be delayed or denied port access if they are found to be in non-compliance, which could result in charter claims and increased inspection and operational costs even after resuming compliance. Any failure to comply with the ISM Code could negatively affect our business, financial condition, cash flows and results of operations.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures may result in the seizure of contents of our vessels, delays in the loading, offloading, trans-shipment or delivery and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition, cash flows and results of operations.

The operation of dry bulk carriers entails certain operational risks that could affect our earnings and cash flow.

The international shipping industry is an inherently risky business involving global operations. Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, human error, environmental accidents, war, terrorism, piracy and other circumstances or events. In addition, transporting cargoes across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts, the potential for changes in tax rates or policies, and the potential for government expropriation of our vessels. Any of these events may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

Furthermore, the operation of certain vessel types, such as dry bulk carriers, has certain unique risks. For a dry bulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, dry bulk cargoes are often heavy, dense and easily shifted and react badly to water exposure. In addition, dry bulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach at sea. Hull breaches in dry bulk carriers may lead to the flooding of the vessels' holds. If a dry bulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads, leading to the loss of a vessel. If we are unable to adequately maintain our vessels, we may be unable to prevent these events. The total loss or damage of any of our vessels or cargoes could harm our reputation as a safe and reliable vessel owner and operator. Any of these circumstances or events may have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends, if any. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

Fuel, or bunker, prices and marine fuel availability may adversely affect our profits.

Since we expect to primarily employ our vessels in the spot market, we expect that vessel fuel, known as bunkers, will be the largest single expense item in our shipping operations for our vessels. Changes in the price of fuel may adversely affect our profitability. The imposition of stringent vessel air emissions requirements, such as the requirement to reduce the amount of sulfur in fuel to 0.10% in certain coastal areas on 1 January 2015 and potentially in all areas of the world in 2020 or 2025, could lead to marine fuel shortages and substantial increases in marine fuel prices which could have a material adverse effect on our business, financial condition and results of operations. The price and supply of fuel are unpredictable and fluctuate based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel may become much more expensive in the future, which may reduce our profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

Our business has inherent operational risks, which may not be adequately covered by insurance.

Our vessels and their cargoes are at risk of being damaged or lost because of events or risks such as Acts of God, marine disasters, bad weather, mechanical failures, human error, environmental accidents, war, terrorism, piracy, cyber-attack, radioactive contamination and other circumstances or events. In addition, transporting cargoes across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts, the potential for changes in tax rates or policies, and the potential for government expropriation of our vessels. Any of these events may result in personal injury or death, loss, damage or destruction of property or environmental damage, delays in delivery of cargo, governmental fines, penalties or restrictions on conducting business, higher insurance rates, loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters. Epidemics and other public health incidents may also lead to crew member illness, which can disrupt the operations of our vessels, or to public health measures, which may prevent our vessels from calling on ports or discharging cargo in the affected areas or in other locations after having visited the affected areas.

In the event of a casualty to a vessel or other catastrophic event, we rely on our insurance to pay the insured value of the vessel or the damages incurred. Through our management agreements with our technical managers, we procure insurance for the vessels in our fleet against those risks that we believe the shipping industry commonly insures against. This insurance includes marine hull and machinery insurance, protection insurance and indemnity insurance, which include pollution risks and crew insurances, and war risk insurance. Currently, the amount of coverage for liability for pollution, spillage and leakage available to us on commercially reasonable terms through protection and indemnity associations and providers of excess coverage is USD 1.0 billion per vessel per occurrence.

We maintain and expect to maintain hull and machinery insurance, protection insurance and indemnity insurance for all of our existing and newbuilding vessels, which includes environmental damage and pollution insurance coverage and war risk insurance for our fleet. We do not maintain nor expect to maintain, for our vessels, insurance against loss of hire, which covers business interruptions that result from the loss of use of a vessel. Therefore, if the availability of a vessel for hire is interrupted, the loss of earnings due to such interruption could negatively affect our business. Even if our insurance is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss.

We may not be adequately insured against all risks. We may not be able to obtain adequate insurance coverage for our fleet in the future, and we may not be able to obtain certain insurance coverages. The insurers may not pay particular claims. Our insurance policies may contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenue. Moreover, insurers may default on claims they are required to pay.

We cannot assure you that we will be adequately insured against all risks or that we will be able to obtain adequate insurance coverage at reasonable rates for our vessels in the future. For example, in the past more stringent environmental regulations have led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. Additionally, our insurers may refuse to pay particular claims. Any significant loss or liability for which we are not insured could have a material adverse effect on our business and financial condition.

We may be subject to calls because we obtain some of our insurance through protection and indemnity associations.

We may be subject to increased premium payments, or calls, in amounts based on our claim records and the claim records of our fleet managers as well as the claim records of other members of the protection and indemnity associations (P&I Associations) through which we receive insurance coverage for tort liability, including pollution-related liability. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase our costs in the event of a claim or decrease any recovery in the event of a loss. In addition, our P&I Associations may not have enough resources to cover claims made against them. Our payment of these calls could result in a significant expense to us, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

Our vessels may call in ports where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims or restrictions which could have an adverse effect our reputation, business, financial condition, results of operations and cash flows.

Maritime claimants could arrest one or more of our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a claimant may seek to obtain security for its claim by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of money to have the arrest or attachment lifted. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could attempt to assert "sister ship" liability against one vessel in our fleet for claims relating to another of our vessels.

Governments could requisition our vessels during a period of war or emergency, resulting in a loss of earnings.

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes its owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes its charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of our vessels may negatively impact our revenues.

Failure to comply with the U.S. Foreign Corrupt Practices Act (the "FCPA") could result in fines, criminal penalties, charter terminations and an adverse effect on our business.

We may operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws, including the FCPA. We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of such anti-corruption laws. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

Because we generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could have an adverse impact on our results of operations.

We generate all of our revenue in U.S. dollars, and the majority of our expenses are denominated in U.S. dollars. However, a portion of our ship operating and administrative expenses are denominated in currencies other than U.S. dollars. For the years ended December 31, 2016 and 2017, we incurred approximately 8% and 6%, respectively, of our operating expenses and 62% and 53%, respectively, of our general and administrative expenses in currencies other than U.S. dollars. This difference could lead to fluctuations in net income due to changes in the value of the dollar relative to the other currencies, in particular the Euro. Expenses incurred in foreign currencies against which the dollar falls in value can increase, decreasing our earnings. Declines in the value of the dollar could lead to higher expenses payable by us. While we historically have not mitigated the risk associated with exchange rate fluctuations through the use of financial derivatives, we may employ such instruments from time to time in the future in order to minimize this risk. Any future use of financial derivatives would involve certain risks, including the risk that losses on a hedged position could exceed the notional amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results.

We cannot assure you that we will be successful in finding employment for all of our vessels.

On a fully delivered basis, our fleet of 108 vessels will have an aggregate capacity of approximately 12.3 million dwt. We intend to employ our vessels primarily in the spot market, under short term time charters or voyage charters. We cannot assure you that we will be successful in finding employment for our vessels in the volatile spot market immediately upon their deliveries to us or whether any such employment will be at profitable rates, nor can we assure you continued timely employment of our existing vessels. If demand for our vessels is not at desirable levels, we may not be able to generate enough revenues to operate profitably or to generate positive cash flows. In such a case, we may need to undertake further restructuring activities or deleveraging measures in the future, which could have a material adverse effect on our business and results of operations and have a material and adverse effect on holders of our common shares.

The Company's leverage could significantly limit our ability to execute our business strategy and has increased the risk of default under our debt obligations.

As of 31 March 2018, we had USD 1,058.4 million of outstanding indebtedness under our outstanding credit facilities and debt securities, including our capital lease obligations and the 2022 Senior Notes.

Our outstanding debt agreements impose operating and financial restrictions on us. These restrictions limit our ability, or the ability of our subsidiaries party thereto, to among other things:

- pay dividends if there is an event of default under our credit facilities or if the deferred amounts have not been repaid in full;
- incur additional indebtedness, including the issuance of guarantees, or refinance or prepay any indebtedness, unless certain conditions exist;
- create liens on our assets, unless otherwise permitted under our credit facilities;
- change the flag, class or management of our vessels or terminate or materially amend the management agreement relating to each vessel;
- acquire new or sell vessels, unless certain conditions exist;
- merge or consolidate with, or transfer all or substantially all our assets to, another person; or
- enter into a new line of business.

Therefore, we may need to seek permission from our lenders in order to engage in some corporate actions. Our lenders' interests may be different from our interests and we may not be able to obtain our lenders' permission when needed. This may limit our ability to pay dividends on our common shares if we determine to do so in the future, finance our future operations or capital requirements, make acquisitions or pursue business opportunities.

In addition, our debt agreements require us or our subsidiaries to maintain various financial ratios, including:

- a minimum percentage of aggregate vessel value to secured loans (the "**SCR**");
- a maximum ratio of total liabilities to market value adjusted total assets;
- a minimum EBITDA to interest coverage ratio;
- a minimum liquidity; and
- a minimum market value adjusted net worth.

Should our charter rates or vessel values materially decline in the future, we may be required to take action to reduce our debt or to act in a manner contrary to our business objectives to meet any such financial ratios and satisfy any such financial covenants. We cannot assure you that we will meet these ratios or satisfy our financial or other covenants, or that our lenders will waive any failure to do so.

These covenants and restrictions may adversely affect our ability to finance future operations or limit our ability to pursue certain business opportunities or take certain corporate actions, restricting our growth and operations. The covenants may also restrict our flexibility in planning for changes in our business and the industry and make us more vulnerable to economic downturns and adverse developments. A breach of any of the covenants in, or our inability to maintain the required financial ratios under, our debt agreements could result in a default under our debt agreements. If a default occurs under our credit facilities, the lenders could elect to declare the outstanding debt, together with accrued interest and other fees, to be immediately due and payable and foreclose on the collateral securing that debt, which could constitute all or substantially all of our assets. Moreover, in connection with any waivers or amendments to our credit facilities that we may obtain, our lenders may impose additional operating and financial restrictions on us or modify the terms of our existing credit facilities. These restrictions may further restrict our ability to, among other things, pay dividends, repurchase our common shares, make capital expenditures, or incur additional indebtedness.

Our ability to meet our cash requirements, including our debt service obligations, is dependent upon our operating performance, which is subject to general economic and competitive conditions and to financial, business and other factors affecting our operations, many of which are or may be beyond our control. We cannot provide assurance that our business operations will generate sufficient cash flows from operations to fund these cash requirements and debt service obligations. If our operating results, cash flow or capital resources prove inadequate, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt and other obligations. If we are unable to service our debt, we could be forced to reduce or delay planned expansions and capital expenditures, sell assets, further restructure or refinance our debt or seek additional equity capital, and we may be unable to take any of these actions on satisfactory terms or in a timely manner. Further, any of these actions may not be sufficient to allow us to service our debt obligations or may have an adverse impact on our business. Our debt agreements may limit our ability to take certain of these actions. Our failure to generate sufficient operating cash flow to pay our debts or to successfully undertake any of these actions could have a material adverse effect on us.

Our substantial leverage and the restrictions included in our debt agreements following the Restructuring Transactions, could materially and adversely affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or other purposes, could make us more vulnerable to general adverse economic, regulatory and industry conditions, and could limit our flexibility in planning for, or reacting to, changes and opportunities in the markets in which we compete.

Furthermore, our debt agreements contain cross-default provisions that may be triggered if we default under the terms of any one of our financing agreements. In the event of default by us under one of our debt agreements, the lenders under our other debt agreements could determine that we are in default under such other financing agreements. Such cross defaults could result in the acceleration of the maturity of such debt under these agreements and the lenders thereunder may foreclose upon any collateral securing that debt, including our vessels, even if we were to subsequently cure such default. In the event of such acceleration or foreclosure, we might not have sufficient funds or other assets to satisfy all of our obligations, which would have a material adverse effect on our business, results of operations and financial condition.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business.

We have entered into, and may enter into in the future, various contracts, including charterparties and contracts of affreightment with our customers, newbuilding contracts with shipyards, credit facilities with our lenders and operating leases as charterers. These agreements subject us to counterparty risks. The ability of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime industry, the overall financial condition of the counterparty, charter rates received for specific types of vessels, and various expenses. In addition, in the event any shipyards do not perform under their contracts, and we are unable to enforce certain refund guarantees with third-party lenders for any reason, we may lose all or part of our investment, and we may not be able to operate the vessels we ordered in accordance with our business plan. Should our counterparties fail to honour their obligations under agreements with us, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are currently prohibited from paying dividends under our debt agreements, and we may be unable to pay dividends in the future.

Under the terms of our outstanding financing arrangements, we are subject to various restrictions on our ability to pay dividends. Our financing arrangements prevent us from paying dividends if an event of default exists under our credit facilities or if the deferred amounts have not been repaid in full. See Note 8, "Long Term Debt" to our audited consolidated financial statements, for more information regarding these restrictions contained in our financing arrangements. In general, when dividends are paid, they are distributed from our operating surplus, in amounts that allow us to retain a portion of our cash flows to fund vessel or fleet acquisitions and for debt repayment and other corporate purposes, as determined by our management and board of directors.

In addition, the declaration and payment of dividends will be subject at all times to the discretion of our board of directors. The timing and amount of dividends will depend on our earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in our loan agreements, the provisions of Marshall Islands law affecting the payment of dividends and other factors. The laws of the Republic of Marshall Islands generally prohibit the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. We may not have sufficient surplus in the future to pay dividends and our subsidiaries may not have sufficient funds or surplus to make distributions to us. We can give no assurance that dividends will be paid at all.

We may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business.

Our success depends in large part on the ability of us to attract and retain highly skilled and qualified personnel, both shoreside personnel and crew. We require technically skilled employees with specialized training who can perform physically demanding work. Competition to attract and retain qualified crew members and shoreside personnel is intense due to the increase in the size of the global shipping fleet. In addition, if we are not able to obtain higher charter rates to compensate for any crew cost and salary increases, it could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends. If we cannot hire, train and retain a sufficient number of qualified employees, we may be unable to manage, maintain and grow our business, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As we expand our fleet, we will need to expand our operations and financial systems and hire new shoreside staff and seafarers to staff our vessels; if we cannot expand these systems or recruit suitable employees, our performance may be adversely affected.

Our operating and financial systems may not be adequate as we expand our fleet, and our attempts to implement those systems may be ineffective. In addition, we rely on our wholly-owned subsidiaries, Star Bulk Management Inc., Star Bulk Shipmanagement Company (Cyprus) Limited, and Starbulk S.A., to recruit shoreside administrative and management personnel and for crew management. Shoreside personnel are recruited by Star Bulk Management Inc., Star Bulk Shipmanagement Company (Cyprus) Limited, and Starbulk S.A. through referrals from other shipping companies and traditional methods of securing personnel, such as placing classified advertisements in shipping industry periodicals. Star Bulk Management Inc., Star Bulk Shipmanagement Company (Cyprus) Limited, Starbulk S.A. and its crewing agent may not be able to continue to hire suitable employees as we expand our fleet. If we are unable to operate our financial and operations systems effectively, recruit suitable employees or if our unaffiliated crewing agent encounters business or financial difficulties, our performance may be materially and adversely affected and, among other things, the amount of cash available for distribution as dividends to our shareholders may be reduced.

The aging of our vessels may result in increased operating costs in the future, which could adversely affect our earnings.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. As our vessels age they will typically become less fuel-efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which our vessels may engage. As our vessels age, market conditions may not justify those expenditures or may not enable us to operate our vessels profitably during the remainder of their useful lives.

Technological innovation could reduce our charter hire income and the value of our vessels.

The charter hire rates and the value and operational life of a vessel are determined by a number of factors including the vessel’s efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbours, utilize related docking facilities and pass through canals and straits. The length of a vessel’s physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new dry bulk carriers are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charter hire payments we receive for our vessels once their initial charters expire and the resale value of our vessels could significantly decrease. In addition, although we view the fuel efficiency of our Eco-type vessels, which we define as vessels that are designed to be more fuel-efficient than standard vessels of similar size and age, as a competitive advantage, this competitive advantage may eventually erode (along with vessel value) as more Eco-type vessels are put into service by our competitors and older, less fuel-efficient vessels are retired. As a result, our business, results of operations, cash flows and financial condition could be adversely affected by technological innovation.

We rely on our information systems to conduct our business, and failure to protect these systems against security breaches could adversely affect our business and results of operations. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.

The efficient operation of our business, including processing, transmitting and storing electronic and financial information, is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations.

In the highly competitive international shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources, and as a result, we may be unable to employ our vessels profitably.

Our vessels will be employed in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than we do. Competition for the transportation of dry bulk cargo by sea is intense and depends on price, location, size, age, condition and the acceptability of the vessel and its operators to the charterers. Due in part to the highly fragmented market, competitors with greater resources could enter the dry bulk shipping industry and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates and higher quality vessels than we are able to offer. If we are unable to successfully compete with other dry bulk shipping companies, our results of operations would be adversely impacted.

We may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

We may be, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, shareholder litigation, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, property casualty claims, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve them may have a material adverse effect on us. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent which may have a material adverse effect on our financial condition.

We may have difficulty managing our planned growth properly.

Historically, we have grown through acquisitions, and we have built a number of newbuilding vessels. In addition, one of our strategies is to continue to grow by expanding our operations and adding to our fleet. Our future growth will primarily depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- identify suitable dry bulk carriers, including newbuilding slots at shipyards and/or shipping companies for acquisitions at attractive prices;
- obtain required financing for our existing and new operations;
- identify businesses engaged in managing, operating or owning dry bulk carriers for acquisitions or joint ventures;
- integrate any acquired dry bulk carriers or businesses successfully with our existing operations, including obtaining any approvals and qualifications necessary to operate vessels that we acquire;
- hire, train and retain qualified personnel and crew to manage and operate our growing business and fleet;
- identify additional new markets;
- enhance our customer base; and
- improve our operating, financial and accounting systems and controls.

Our failure to effectively identify, acquire, develop and integrate any dry bulk carriers or businesses could adversely affect our business, financial condition and results of operations. The number of employees that perform services for us and our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet in the dry bulk sector, and we may not be able to effectively hire more employees or adequately improve those systems.

Finally, acquisitions may require additional equity issuances, which may dilute our common shareholders if issued at lower prices than the price they acquired their shares, or debt issuances (with amortization payments), both of which could lower our available cash. If any such events occur, our financial condition may be adversely affected. We cannot give any assurance that we will be successful in executing our growth plans, obtain appropriate financings on a timely basis or on terms we deem reasonable or acceptable or that we will not incur significant expenses and losses in connection with our future growth.

We will be exposed to volatility in the LIBOR (including any replacement interest quotation system) and intend to selectively enter into derivative contracts, which can result in higher than market interest rates and charges against our income.

The loans under our credit facilities are generally advanced at a floating rate based on LIBOR, which was volatile prior to 2008 and can affect the amount of interest payable on our debt, and which, in turn, could have an adverse effect on our earnings and cash flow. In addition, in recent years, LIBOR has been at relatively low levels, and may rise in the future as the current low interest rate environment comes to an end. Our financial condition could be materially adversely affected at any time that we have not entered into interest rate hedging arrangements to hedge our exposure to the interest rates applicable to our credit facilities and any other financing arrangements we may enter into in the future, including those we enter into to finance a portion of the amounts payable with respect to newbuildings. Moreover, even if we have entered into interest rate swaps or other derivative instruments for purposes of managing our interest rate exposure, our hedging strategies may not be effective and we may incur substantial losses.

We intend to selectively enter into derivative contracts to hedge our overall exposure to interest rate risk exposure. Entering into swaps and derivatives transactions is inherently risky and presents various possibilities for incurring significant expenses. The derivatives strategies that we employ in the future may not be successful or effective, and we could, as a result, incur substantial additional interest costs.

We have made and in the future may make acquisitions and significant strategic investments and acquisitions, which may involve a number of risks. If we are unable to address these risks successfully, such acquisitions and investments could have a materially adverse impact on our business, financial condition and results of operations.

We have undertaken a number of acquisitions and investments in the past, including the 2014 Transactions, and may do so from time to time in the future. The risks involved with these acquisitions and investments include:

- the possibility that we may not receive a favourable return on our investment or incur losses from our investment, or the original investment may become impaired;
- failure to satisfy or set effective strategic objectives;
- our assumption of known or unknown liabilities or other unanticipated events or circumstances;
- the diversion of management's attention from normal daily operations of the business;
- difficulties in integrating the operations, technologies, products and personnel of the acquired company or its assets;
- difficulties in supporting acquired operations;
- difficulties or delays in the transfer of vessels, equipment or personnel;
- failure to retain key personnel;
- unexpected capital equipment outlays and related expenses;
- insufficient revenues to offset increased expenses associated with acquisitions;
- under-performance problems with acquired assets or operations;
- issuance of common shares that could dilute our current shareholders;
- recording of goodwill and non-amortizable intangible assets that will be subject to periodic impairment testing and potential impairment charges against our future earnings;
- the opportunity cost associated with committing capital in such investments;
- undisclosed defects, damage, maintenance requirements or similar matters relating to acquired vessels; and
- becoming subject to litigation.

We may not be able to address these risks successfully without substantial expense, delay or other operational or financial problems. Any delays or other such operations or financial problems could adversely impact our business, financial condition and results of operations.

There is a risk that we could be treated as a U.S. domestic corporation for U.S. federal income tax purposes after the merger of Star Maritime with and into Star Bulk, with Star Bulk as the surviving corporation, or the Redomiciliation Merger, which would adversely affect our earnings.

Section 7874(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), provides that, unless certain requirements are satisfied, a corporation organized outside of the United States which acquires substantially all of the assets (through a plan or a series of related transactions) of a corporation organized in the United States will be treated as a U.S. domestic corporation for U.S. federal income tax purposes if shareholders of the U.S. corporation whose assets are being acquired own at least 80% of the non-U.S. acquiring corporation after the acquisition. If Section 7874(b) of the Code were to apply to Star Maritime and the Redomiciliation Merger (as defined below), then, among other consequences, we, as the surviving entity of the Redomiciliation Merger, would be subject to U.S. federal income tax as a U.S. domestic corporation on our worldwide income after the Redomiciliation Merger. Upon completion of the Redomiciliation Merger and the concurrent issuance of stock to TMT Co. Ltd., or "TMT", a shipping company headquartered in Taiwan, under the acquisition agreements, the shareholders of Star Maritime owned less than 80% of the Company. Therefore, we believe that the Company should not be subject to Section 7874(b) of the Code after the Redomiciliation Merger. Star Maritime obtained an opinion of its counsel, Seward & Kissel LLP, or "Seward & Kissel", that Section 7874(b) of the Code should not apply to the Redomiciliation Merger. However, there is no authority directly addressing the application of Section 7874(b) of the Code to a transaction such as the Redomiciliation Merger where shares in a foreign corporation such as the Company are issued concurrently with (or shortly after) a merger. In particular, since there is no authority directly applying the "series of related transactions" or "plan" provisions to the post-acquisition stock ownership requirements of Section 7874(b) of the Code, the U.S. Internal Revenue Service, or the "IRS", may not agree with Seward & Kissel's opinion on this matter. Moreover, Star Maritime has not sought a ruling from the IRS on this point. Therefore, the IRS may seek to assert that we are subject to U.S. federal income tax on our worldwide income for taxable years after the Redomiciliation Merger, although Seward & Kissel is of the opinion that such an assertion should not be successful.

We may have to pay U.S. federal income tax on our U.S. source income, which would reduce our earnings.

Under the Code, 50% of the gross shipping income of a non-U.S. corporation, such as ourselves, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States is characterized as "United States source gross shipping income," and such income is subject to a 4% U.S. federal income tax without allowance for any deductions, unless the corporation qualifies for exemption from U.S. federal income taxation under Section 883 of the Code and the Treasury Regulations promulgated thereunder.

We do not believe that we qualify for the exemption from U.S. federal income taxation under Section 883 of the Code for our 2016 and 2017 taxable year. Accordingly we believe that we will be subject to the 4% US federal income tax on our United States source gross shipping income for our 2016 and 2017 taxable year; however we may qualify for the exemption in future years.

If a significant portion of our income is United States source gross shipping income, the imposition of such tax could have a negative effect on our business and would result in decreased earnings.

A change in tax laws, treaties or regulations, or their interpretation could result in a significant negative impact on our earnings and cash flows from operations.

We are an international company that conducts business throughout the world. Tax laws and regulations are highly complex and subject to interpretation. Consequently, a change in tax laws, treaties or regulations, or in the interpretation thereof, or in the valuation of our deferred tax assets in and between countries in which we operate, could result in a materially high tax expense or higher effective tax rate on our worldwide earnings, and such change could be significant to our financial results.

If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries, or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings from our operations could increase substantially and our earnings and cash flows from these operations could be materially adversely affected.

We and our subsidiaries may be subject to taxation in the jurisdictions in which we and our subsidiaries conduct business. Such taxation would result in decreased earnings.

Investors are encouraged to consult their own tax advisors concerning the overall tax consequences of the ownership of our common stock arising in an investor's particular situation under U.S. federal, state, local and foreign law.

The Internal Revenue Service could treat us as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. shareholders.

A non-U.S. corporation will be treated as a "passive foreign investment company" (a "PFIC") for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of "passive income" (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business) or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of passive income. For purposes of determining the PFIC status of a non-U.S. corporation, income earned in connection with the performance of services does not constitute passive income, but rental income generally is treated as passive income unless the non-U.S. corporation is treated under specific rules as deriving its rental income in the active conduct of a trade or business. We intend to take the position that income we derive from our voyage and time chartering activities is services income, rather than rental income, and accordingly, that such income is not passive income for purposes of determining our PFIC status. Based on this characterization of income from voyage and time charters and the expected composition of our income and assets, we believe that we currently are not a PFIC, and we do not expect to become a PFIC in the future. Additionally, we believe that our contracts for newbuilding vessels are not assets held for the production of passive income, because we intend to use these vessels for voyage and time chartering activities. However, there is no direct legal authority under the PFIC rules addressing our characterization of income from our voyage and time chartering activities nor our characterization of contracts for newbuilding vessels. Moreover, the determination of PFIC status for any year can only be made on an annual basis after the end of such taxable year and will depend on the composition of our income, assets and operations from time to time. Because of the above described uncertainties, there can be no assurance that the Internal Revenue Service will not challenge the determination made by us concerning our PFIC status or that we will not be a PFIC for any taxable year.

If we were classified as a PFIC for any taxable year during which a U.S. shareholder owns common shares (regardless of whether we continue to be a PFIC), the U.S. shareholder would be subject to special adverse rules, including taxation at maximum ordinary income rates plus an interest charge on both gains on sale and certain dividends, unless the U.S. shareholder makes an election to be taxed under an alternative regime. Certain elections may be available to U.S. shareholders if we were classified as a PFIC.

2.2 Risks Relating to the Listing and the Shares

The price of the Shares may fluctuate significantly.

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Company, its products and services or its competitors, lawsuits against the Company, unforeseen liabilities, changes to the regulatory environment in which it operates or general market conditions.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of its Shares.

The Shares are subject to restrictions under the securities laws of the United States and other jurisdictions.

The Shares are “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act and may not be deposited into any unrestricted depositary receipt facility in the United States, unless at the time of deposit the shares are no longer “restricted securities”. The Shares may not be reoffered, resold, pledged or otherwise transferred except (a) under a registration statement that has been declared effective under the U.S. Securities Act; (b) outside the United States in accordance with Rule 903 or Rule 904 of Regulation S, as applicable or (c) pursuant to another applicable exemption from the registration requirements of the U.S. Securities Act. The Shares will therefore be delivered and registered on the Oslo Stock Exchange only under a separate trading symbol “SBLK R”. After a holding period of six months following the distribution of the Shares to the shareholders of Songa, the Shares are expected to be eligible to be resold without restrictions on both the Oslo Stock Exchange and Nasdaq Global Select Market by shareholders who are not affiliates of the Company. See Section 15.10“Selling and Transfer Restrictions”

Future issuances of shares or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the Shares.

It is possible that the Company in the future may decide to offer additional shares or other securities in order to finance new capital-intensive investments in the future in connection with unanticipated liabilities or expenses, or for any other purposes. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares as well as the earnings per share and the net asset value per share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares.

There are certain risks connected to the shares being registered in the Norwegian Central Securities Depository (Nw. Verdipapirsentralen) (“VPS”).

Under the laws of the Republic of the Marshall Islands, the Shares listed on the Oslo Stock Exchange are registered in the Company's register of members in the name of DNB Bank ASA (the "**VPS Registrar**"), which holds the shares as a nominee on behalf of the beneficial owners. For the purpose of enabling trading of shares on the Oslo Stock Exchange, the Company maintains a register in the VPS, where the beneficial ownership interests in the shares and transfer of such beneficial ownership interests are recorded.

The Company has entered into a registrar agreement with the VPS Registrar where the VPS Registrar is appointed as registrar and nominee, in order to provide for the registration of each investor’s beneficial ownership in the shares in the VPS on investors’ individual VPS accounts.

In accordance with market practice in Norway and system requirements of the VPS, the beneficial ownership of investors is registered in the VPS under the name of a “share” and the beneficial ownership is listed and traded on the Oslo Stock Exchange as "shares" in the Company. Investors who purchase Shares (although recorded as owners of the shares in the VPS) will have no direct rights against the Company.

Each VPS-registered share represents evidence of beneficial ownership of one of the shares for the purposes of Norwegian law, however such ownership would not necessarily be recognized by a Marshall Islands or other court. The VPS-registered shares are freely transferable with delivery and settlement through the VPS-system. Investors must look solely to the VPS Registrar for the payment of dividends, for the exercise of voting rights attached to the Shares and for all other rights arising in respect of the Shares.

During the Restricted Period, holders of Star Bulk Shares trading on the Nasdaq may only transfer their shareholding to Oslo Børs by causing such shares to be registered with the VPS. This is a process which may entail costs and delays. Any interest in Star Bulk Shares held through the VPS may as a main rule not be moved back into the US until the expiration of the Restricted Period.

Investors may not be able to exercise their voting rights for Shares registered in a nominee account.

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is (i) re-registered in their names with the VPS, as the branch register, or in the principal share register maintained in Marshall Islands, prior to the Company's general meetings or (ii) the registered nominee holder grants a proxy to such beneficial owner in the manner provided in the Articles of Incorporation in force at that time and pursuant to the contractual relationship, if any, between the nominee and the beneficial owner, to vote such Shares. The Company cannot guarantee that beneficial owners of the Shares will receive the notice of a general meeting of shareholders of the Company in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners. Any persons that hold their Shares through a nominee arrangement should consult the nominee to ensure that any Shares beneficially held are voted for in the manner desired by such beneficial owner.

The Company is incorporated in the Republic of the Marshall Islands and listed for trading on NASDAQ and therefore subject to Marshall Islands law and NASDAQ rules with respect to corporate governance, further, the Company's governing documents contain certain provisions which limits shareholders' influence in the Company

As a corporation incorporated under the laws of the Republic of Marshall Islands, and listed for trading on NASDAQ, the Company is governed by Marshall Islands law and NASDAQ rules with respect to corporate governance. These rules deviate from Norwegian corporate governance rules and therefore from what Norwegian shareholders might be used to. There exist provisions in the Company's Fourth Amended and Restated Articles of Incorporation (the "**Articles of Incorporation**") and Third Amended and Restated Bylaws (the "**Bylaws**") which limits the shareholder's influence in the Company. These provisions include:

- The Board of Directors are divided into three classes, serving staggered three year terms.
- Cause for removal of any director shall be deemed to exist only if (i) the director has been found to have been negligent or guilty of misconduct in the performance of his or hers duties in the Corporation in any matter of substantial importance to the Company by the affirmative vote of at least 80 per cent of the directors then in office, other than the director whose removal is sought, at any meeting of the Board called for that purpose (ii) if the director has been adjudicated by a court of competent jurisdiction to be mentally incompetent which directly affects the director's ability to serve as a director of the Company (iii) by the affirmative vote of the holders of 70% or more of the issued and outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the shareholders called for that purpose.
- No proposal by a shareholder to remove a director shall be voted upon at a meeting of the shareholders unless the shareholder has given timely notice (not less than 120 days nor more than 180 days prior to the on year anniversary of the mailing date of the proxy materials for the immediately preceding annual meeting of the shareholders). The notice must also set forth a statement of the grounds, if any, on which such director is proposed to be removed, evidence reasonably satisfactory to the Secretary of the Company of such shareholder's status as such and of the number of shares of each class of capital stock of the Company beneficially owned by such shareholder and a list of the names and addresses of other shareholders of the Company, if any, with whom such shareholder is acting in concert, and the number of shares of each class of capital stock of the Corporation beneficially owned by each such shareholder.
- The salaries of officers and any other compensation paid to them shall be fixed from time to time by the discretion of the Board of Directors.
- The Board of Directors have the authority to issue shares, including preferred shares.
- A special meeting of shareholders may be called at any time by the Board or its Chairman or the Company's President.

Because the Company is organized under the laws of the Marshall Islands and because substantially all of its assets are located outside of the United States, it may be difficult to serve the Company with legal process or enforce judgments against the Company, its directors or its management.

Star Bulk is organized under the laws of the Marshall Islands and substantially all of its assets are located outside of the United States. In addition, the majority of its directors and officers are or will be non-residents of the United States and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against our directors and officers in the United States or Norway if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against the Company's assets or the assets of its directors or officers.

The Company is incorporated in the Marshall Islands, which does not have a well-developed body of corporate law.

The Company's corporate affairs are governed by its Fourth Amended and Restated Articles of Incorporation and its Bylaws and by the Marshall Islands Business Corporations Act (the "**MIBCA**"). The provisions of the MIBCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Marshall Islands interpreting the MIBCA. The rights and fiduciary responsibilities of directors under the laws of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in the United States. The rights of shareholders of companies incorporated in the Marshall Islands may differ from the rights of shareholders of companies incorporated in the United States. While the MIBCA provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the MIBCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as United States courts. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction that has developed a relatively more substantial body of case law. Additionally, the Republic of the Marshall Islands does not have a legal provision for bankruptcy or a general statutory mechanism for insolvency proceedings. As such, in the event of a future insolvency or bankruptcy, our shareholders and creditors may experience delays in their ability to recover their claims after any such insolvency or bankruptcy.

Investors may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or officers in Norway.

The Company is incorporated under the laws of the Republic of Marshall Islands and most of its current directors and executive officers reside outside of the United States. Furthermore, most of the Company's assets and most of the assets of the Company's directors and executive officers are located outside the United States. As a result, investors may be unable to effect service of process on the Company or its directors and executive officers or enforce judgments obtained in the United States courts against the Company or such persons in the United States, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

Shareholders outside Norway are subject to exchange risk.

The Shares listed on the Oslo Stock Exchange are priced in NOK, and any future payments of dividends on the Shares listed on the Oslo Stock Exchange will be paid in NOK. Accordingly, any investor outside Norway is subject to adverse movements in NOK against their local currency as the foreign currency equivalent of any dividends paid on the Shares listed on the Oslo Stock Exchange or price received in connection with sale of such Shares could be materially adversely affected.

Shareholders in the Company may become subject to certain obligations by virtue of the Listing

Upon the Listing of the Company's shares on the Oslo Stock Exchange, the Company will be subject to certain Norwegian securities law and regulations, together with Oslo Stock Exchange's disclosure regime applicable to all issuers listed on the exchange. Such disclosure regime will also have certain implications on the Company's shareholders, including shareholders whose shares are only trading on Nasdaq.

2.3 Risks Associated with the Songa Transaction

The Songa Vessels may be in a condition which is worse than agreed or expected.

The Company has entered into the Songa Transaction with the expectation that it would assume a fleet in a certain condition. The Songa Vessels' condition may turn out to be worse than agreed or expected, and this could result in increased costs and decreases in the amounts of expected revenues or results of the combined fleet.

The Company's shareholders and Songa's shareholders may receive a lower return on their investment after the Songa Transaction.

Although the Company and Songa believe that the Songa Transaction will create financial, operational and strategic benefits for Star Bulk and its shareholders, these benefits may not be achieved. The purchase of the Songa Vessels, even if conducted in an efficient, effective and timely manner, may not result in a combined financial performance of the Company that is better than what each company would have achieved independently has the Songa Transaction not occurred.

The Company will assume additional indebtedness in order to finance the acquisition of the Songa Vessels, which may impose additional operating and financial restrictions on the Company (beyond those that currently exist) which, together with the resulting debt services obligations, could significantly limit our ability to execute our business strategy and increase the risk of default under our debt obligations.

The Company expects to enter into a five year sale and leaseback transaction with China Merchants Bank Leasing ("**CMBL**") in an aggregate amount of approximately USD 180 million ("**CMBL Financing**") in order to finance the Cash Consideration of the Songa Transaction with a margin of 280 bps, plus USD 35 million of additional liquidity/working capital for the Company. The Company's current credit facilities and the CMBL Financing require it to comply with certain financial maintenance covenants.

Because some of these ratios are dependent on the market value of vessels, should charter rates or vessel values materially decline in the future, the Company may be required to take action to reduce its debt or to act in a manner contrary to its business objectives to meet any such financial ratios and satisfy any such financial covenants. Events beyond the Company's control, including changes in the economic and business conditions in the shipping markets in which the Company will operate, may affect the Company's ability to comply with these covenants. The Company cannot assure you that it will meet these ratios or satisfy its financial or other covenants or that its lenders will waive any failure to do so.

These financial and other covenants may adversely affect the Company's ability to finance future operations or limit its ability to pursue certain business opportunities or take certain corporate actions. The covenants may also restrict the Company's flexibility in planning for changes in its business and the industry and make it more vulnerable to economic downturns and adverse developments. A breach of any of the covenants in, or the Company's inability to maintain the required financial ratios under, the credit facilities would prevent it from borrowing additional money under its credit facilities and could result in a default under its credit facilities. If a default occurs under the Company's credit facilities, the lenders could elect to declare the issued and outstanding debt, together with accrued interest and other fees, to be immediately due and payable and foreclose on the collateral securing that debt, which could constitute all or substantially all of the Company's assets.

Following the completion of the Songa Transaction, the Company's ability to meet its cash requirements, including the Company's debt service obligations, will be dependent upon its operating performance, which will be subject to general economic and competitive conditions and to financial, business and other factors affecting its operations, many of which are or may be beyond the Company's control. The Company cannot provide assurance that its business operations will generate sufficient cash flows from operations to fund these cash requirements and debt service obligations. If the Company's operating results, cash flow or capital resources prove inadequate, it could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt and other obligations. If the Company is unable to service its debt, it could be forced to reduce or delay planned expansions and capital expenditures, sell assets, restructure or refinance its debt or seek additional equity capital, and the Company may be unable to take any of these actions on satisfactory terms or in a timely manner. Further, any of these actions may not be sufficient to allow the Company to service its debt obligations or may have an adverse impact on its business. The Company's debt agreements may limit its ability to take certain of these actions. The Company's failure to generate sufficient operating cash flow to pay its debts or to successfully undertake any of these actions could have a material adverse effect on the Company. These risks may be increased as a result of the increased amount of indebtedness of the Company following the completion of the Songa Transaction.

In addition, the degree to which the Company may be leveraged as a result of the indebtedness assumed in connection with the Songa Transaction or otherwise could materially and adversely affect its ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or other purposes, could make the Company more vulnerable to general adverse economic, regulatory and industry conditions, could limit its flexibility in planning for, or reacting to, changes and opportunities in the markets in which it competes.

3. RESPONSIBILITY STATEMENT

This Prospectus has been prepared in connection with the Listing on the Oslo Stock Exchange.

The Board of Directors of Star Bulk Carriers Corp. accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

29 June 2018

The Board of Directors of Star Bulk Carriers Corp.

Spyros Capralos (Chairman)
Petros Pappas
Mahesh Balakrishnan
Jennifer Box
Koert Erhardt
Nikolaos Karellis
Roger Schmitz
Tom Softeland

4. GENERAL INFORMATION

This Section provides general information on the presentation of financial and other information, as well as the use of forward-looking statements, in this Prospectus. You should read this information carefully before continuing.

4.1 Date of Information

The information contained in this Prospectus is current as at the date of the Prospectus and is subject to change or amendment without notice. In accordance with section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are reasonably likely to affect the assessment of the Shares between the time of approval of this Prospectus by the Norwegian FSA and the Listing, will be included in a supplement to this Prospectus. Except as required by applicable law and stock exchange rules the Company does not undertake any duty to update the information in this Prospectus. The publication of this Prospectus shall not under any circumstances create any implication that there has been no change in the Company's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

4.2 Cautionary Note Regarding Forward-Looking Statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance; including, but not limited to, statements relating to the risks specific to the Company's business, future earnings, the ability to distribute dividends, the solution to contractual disagreements with counterparties, the implementation of strategic initiatives as well as other statements relating to the Company's future business development and economic performance. These Forward-looking Statements can be identified by the use of forward-looking terminology; including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or, in each case, their negative or other variations or comparable terminology. These Forward-looking Statements are not historical facts. They appear in a number of places throughout this Prospectus; Section 6 "Business Overview", Section 7 "Industry Overview" and Section 13 "Dividend and Dividend Policy" and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, goals, objectives, financial condition and results of operations, liquidity, outlook and prospects, growth, strategies, impact of regulatory initiatives, capital resources and capital expenditure and dividend targets, and the industry trends and developments in the markets in which the Group operates.

Prospective investors in the Company's shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates may differ materially from those contained in or suggested by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations that these forward-looking statements are based will occur.

By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Should one or more of these risks and uncertainties materialize, or should any underlying assumption prove to be incorrect, the Company's business, actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect the Company's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all sections of this Prospectus and, in particular, Section 2 "Risk Factors" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates when considering an investment in the Shares.

Except as required according to Section 7-15 of the Norwegian Securities Trading Act, the Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the behalf of the Company are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

4.3 Presentation of Industry Data and Other Information

Sources of Industry and Market Data

To the extent not otherwise indicated, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends, market positions, industry trends, competition in the industry in which the Company operates and similar information are estimates based on data compiled by professional organisations, consultants and analysts ; in addition to market data from other external and publicly available sources, including marked data from Clarkson Research Services Limited, as well as the Company's knowledge of the markets. Market data from Clarksons Research Services Limited is not publicly available, but can be obtained against payment by contacting Clarksons Research Services Limited, London.

While the Company has compiled, extracted and reproduced such market and other industry data from external sources, the Company has not independently verified the correctness of such data. Thus, the Company takes no responsibility for the correctness of such data. The Company cautions prospective investors not to place undue reliance on the above mentioned data.

Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

In addition, although the Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and the Company cannot assure prospective investors as to their accuracy or that a third party using different methods to assemble, analyse or compute market data would obtain the same results. The Company does not intend to or assume any obligations to update industry or market data set forth in this Prospectus. Finally, behaviour, preferences and trends in the marketplace tend to change. As a result, prospective investors should be aware that data in this Prospectus and estimates based on those data may not be reliable indicators of future results.

Vessel Valuation Reports

The information and data contained in the vessel valuation report relating to the Company’s vessels in this Prospectus have been provided by Arrow Valuations at the request of the Company. Arrow Valuations is an independent and specialized ship brokerage firm with no material interests in the Company. The address of Arrow Valuations is Octavia House, the Boulevard, Imperial Wharf, London SW6 2UB. Arrow Valuations have given their consent to the inclusion of the vessel valuation reports in this Prospectus. The valuation report relating to the Company’s vessels, including the recently acquired fleets pursuant to the Transactions is as of 18 June 2018. There have not been material changes to the values since this date. See Appendix D — “Valuation Report” to this Prospectus for further information about the basis of preparation of the vessel valuation report.

Financial Information; Alternative Performance Measures (Non-U.S. GAAP Measures)

In this Prospectus, the Group has used basic Alternative Performance Measures ("**APMs**") like EBITDA, adjusted EBITDA, and TCE. The APMs presented herein are not measurements of performance under US GAAP or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenue or operating profit, as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The APMs presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results. The Group believes that these APMs are commonly reported by companies in the market in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortization, which can vary significantly depending upon accounting methods or based on non-operating factors. Accordingly, the Group discloses the non-US GAAP financial measures presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, and of the Group's ability to service its debts. Because companies calculate the APMs presented herein differently, the Group's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

Other Information

In this Prospectus, all references to "NOK" are to the lawful currency of Norway, all references to "EUR" are to the lawful currency of the EU and all references to "U.S. dollar", or "USD" are to the lawful currency of the United States of America.

In this Prospectus all references to "EU" are to the European Union and its Member States as of the date of this Prospectus; all references to "EEA" are to the European Economic Area and its member states as of the date of this Prospectus; and all references to "US", "U.S." or "United States" are to the United States of America.

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly.

5. THE TRANSACTIONS; ADMISSION TO TRADING OF THE SHARES

This Section provides information on the background and reasons for, and certain technical aspects of, the Transactions and the admission to trading of the Shares on the Oslo Stock Exchange. This Section contains Forward-Looking Statements based on current expectations and assumptions about the future business of the Company following the Transactions. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in the Prospectus, particularly in Section2"Risk Factors" and Section 4.2"General Information—Cautionary Note Regarding Forward-Looking Statements.

5.1 Overview of the Transactions

The Company's primary objectives are to grow the Company's business profitably and to continue to grow as a successful owner and operator of dry bulk vessels. In execution of this strategy, the Company has entered into the below transactions. The Songa Transaction together with Augustea Transaction and the OCC Transaction, are collectively referred to as the "**Transactions**").

The Augustea Transaction

On 20 April 2018 the Company announced that it had agreed to acquire 16 vessels (the "**Augustea Vessels**") from entities affiliated with Augustea Atlantica SpA and York Capital Management in an all-share transaction (the "**Augustea Transaction**"). As consideration for the Vessel Acquisition, the Company has agreed to issue approximately 10.5 million common shares to the sellers of the Augustea Vessels subject to adjustments for cash, debt and capex on the closing date. As part of the transaction, the Company will assume debt of USD310 million. The Augustea Transaction is expected to be consummated within the third quarter of 2018. Upon completion of the Augustea Transaction, it is expected that Mr. Raffaele Zagari will join the Board of Directors of Star Bulk. The technical management of the 16 vessels will remain with an entity affiliated with Augustea Atlantica SpA, while commercial management will be taken over by the Company, as from delivery and acceptance of the Augustea Vessels. The transaction is subject to customary closing conditions, such as execution of definitive finance agreements and implementation of an internal re-organisation of the SPVs to be purchased by the Company and issuance of new shares to the Augustea and York selling entities.

The Augustea Vessels

Vessel	YoB	Yard	DWT
ABOY Sienna (1)	2017	SWS	208,000
ABOY Laetitia(1)	2017	SWS	208,000
ABOY Karlie(1)	2016	SWS	208,000
ABY Scarlett	2014	Jinhai	178,000
ABYO Audrey	2011	New Times	175,125
Paola	2011	NTS	115,259
ABML Eva	2011	STX Dalian	106,659
Piera	2010	Sungdong	91,951
Maria Laura Prima	2010	Sungdong	91,945
Aphrodite	2011	Sungdong	91,827
ABY Jeannette	2014	STX	83,000
ABY Asia(1)	2017	Sanoyas	82,000
Lydia Cafiero	2013	JMU	81,187
Nicole	2013	JMU	81,120
ABY Virginia	2015	JMU	81,000
ABY Monica(1)	2015	JMU	60,000
Total			**1,943,073**

(1) Subject to a bareboat charter with purchase obligation.

The Songa Transaction

On 14 May 2018, the Company and certain Group members entered into a master sale and purchase agreement with Songa Bulk ASA ("**Songa**") and its subsidiaries for the sale and purchase of 15 dry-bulk vessels (the "**Songa Vessels**") for a total consideration comprised of USD 144,550,000 in cash (the "**Cash Consideration**") and a sellers' credit in the amount of USD 183,000,000 which on completion of the transaction is to be converted into 13,688,000 common shares (the "**Consideration Shares**") of the Company (the "**Songa Transaction**"). By converting the sellers' credit into Consideration Shares, the Sellers' credit will be set-off and extinguished in its entirety. In addition, the Company agreed to acquire all outstanding warrants issued by Songa for 37,000 common shares of the Company (together with the Consideration Shares, the "**Shares**"), and USD 450,000 in cash, which warrants will be cancelled upon completion of the Songa Transaction.

On 5 June 2018, an extraordinary general meeting in Songa was held, whereby the Songa Transaction was approved. The Company's Board of Directors approved the Songa Transaction on 14 May 2018. The transaction remain however subject to customary closing conditions, such as signing of new management agreements and issuance of the Consideration Shares to the Songa sellers.

On 25 June 2018 the Board of Directors of Songa resolved to distribute the Consideration Shares to its shareholders as dividend in kind, subject inter alia to completion of the Songa Transaction, receipt from eligible Songa shareholders of certain certifications prior to distribution as required under exemptions from the registration requirements of the 1933 U.S. Securities Act and satisfaction of the listing conditions. Upon such distribution, the Shares are intended to become listed on the Oslo Stock Exchange.

The Songa Transaction is expected to be completed within early July of 2018. In connection therewith, the sale and lease-back described below will be implemented prior to the completion of the Songa Transaction.

Upon completion of the Songa Transaction, Mr. Arne Blystad will be appointed to the Board of Directors of the Company and Mr. Herman Billung will join the management team of the Company.

The Songa Vessels

Vessel	YoB	Yard	DWT
Songa Claudine	2011	STX	181,258
Songa Opus	2010	STX	180,706
Songa Mountain	2009	Hyundai	179,150
Songa Hirose	2011	Sanoyas	83,494
Songa Genesis	2010	STX	82,705
Songa Maru	2008	Tsuneishi	82,687
Songa Grain	2008	Tsuneishi	82,672
Songa Moon	2012	Tsuneishi	82,158
Songa Hadong	2012	Tsuneishi	82,158
Songa Devi	2014	Tsuneishi	81,918
Songa Delmar	2011	Hyundai	81,501
Songa Sky	2010	Sumitomo	81,466
Songa Flama	2011	STX	80,448
Songa Wave	2017	COSCO Dalian	61,491
Songa Glory	2012	COSCO Nantong	58,680
Total			**1,482,492**

CMBL Financing

On or around 6 July 2018, together with the closing of the Songa Transaction, the Company will enter into a definitive agreement with CMBL for the sale and lease back of the Songa Vessels for a financing amount equal to the lower of a) USD 180 million, b) 65% of the book value and c) 50% of the fair market value of the Songa Vessels plus USD 20 million. On the date of the completion of the Songa Transaction, the Company will lease back the Songa Vessels for a period of 5 years, with a purchase obligation of approximately 38% of the financing amount at the end of the lease period. The Company has purchase options from year 2 and onwards with fixed purchase prices.

The OCC Transaction

On 14 May 2018, the Company entered into a master sale and purchase agreement for the acquisition of three (3) newbuilding Newcastlemax dry bulk vessels ("**OCC Vessels**") in an all-share transaction (the "**OCC Transaction**"), from Oceanbulk Container Carriers LLC ("**OCC**"), an entity affiliated with Oaktree Capital Management L.P. and with family members of our CEO, Mr. Petros Pappas. The transaction has been approved by the disinterested members of the Board of Directors of the Company.

The three (3) OCC Vessels are being constructed at Shanghai Waigaoqiao Shipbuilding Co. (SWS), with expected delivery dates during the fourth quarter of 2018 and the first quarter of 2019. The OCC Transaction was completed on 28 June 2018. Under the terms of the OCC Transaction the Company issued to the OCC shareholders an aggregate of 3,304,735 common shares of Star Bulk (the "**OCC Consideration Shares**") and assumed the remaining capital expenditure obligations of USD 103,843,788. CSSC (Hong Kong) Shipping Company Limited ("**CSSC**") has agreed to provide finance at the lower of a) USD 104,400,000 and 80% of the fair market value of the OCC Vessels via a ten-year capital lease according to which the Company will have monthly purchase options.

The OCC Vessels

Vessel	YoB	Yard	DWT
HN1388 (1)	2018	SWS	208,000
HN1389 (1)	2019	SWS	208,000
HN1390 (1)	2019	SWS	208,000
Total			**624,000**

(1) Subject to a bareboat charter with purchase obligation.

5.2 Dilution

The table below shows the number of the shares of the Company split by pre-Transactions number of shares and the number of shares to be issued for each transaction

Number of shares pre-Transactions	64,160,004
Shares issued as part of the OCC Transaction	3,304,735
Shares to be issued as part of the Augustea Transaction	10,525,227
Shares to be issued as part of the Songa Transaction	13,725,000
Number of shares post-Transactions	91,714,966

The Transactions are separate and not inter-dependent. Assuming completion according to plan, the aforementioned Transactions will, accordingly, result in a dilution of existing shareholders of the Company of approximately 43%.

5.3 Background and rationale for the Listing

As part of the Songa Transaction, and based on the resolutions passed by the shareholders and the Board of Directors of Songa, shareholders in Songa will receive cash and Consideration Shares by way of dividend and repayment of capital through one or more dividend payments or distributions in kind. Songa's shares are currently listed on Oslo Børs and fully tradable. The Company wishes to facilitate liquidity in its shares, and has therefore applied for a secondary listing of its shares on the Oslo Stock Exchange.

5.4 Admission to trading of the Shares and timeline

The beneficial interest in the Shares will be registered with the Norwegian Central Securities Depositary (Nw. Verdipapirsentralen) (the "**VPS**"), and carry the ISIN MHY8162K2046. On 22 June 2018, the Board of Directors of Oslo Stock Exchange approved the Company's listing application for a secondary listing of the Company's common shares on Oslo Børs, subject to completion of the Songa Transaction and other customary conditions (including a minimum of 200 shareholders owning common shares registered in the VPS after the initial distribution of the Consideration Shares from Songa).

The Shares will be issued under the laws of the Republic of the Marshall Islands to Songa (however registered in the name of the VPS Registrar, whereupon the VPS Registrar will register the beneficial interests in the Shares in the VPS (*Nw. "depotbevis")*) as partial consideration upon completion of the Songa Transaction. Pursuant to the resolution by the Songa Board of Directors on 25 June 2018, the Consideration Shares will be distributed to the shareholders of Songa shortly after the completion of the Songa Transaction. Songa shareholders will receive approximately 0.38 Consideration Shares for each Songa share they own as recorded in the VPS as at the record date. It is expected that the Consideration Shares will be made available to eligible shareholders of Songa as soon as practicable following completion of the necessary procedures to comply with exemptions from the registration requirements of the U.S. Securities Act, on or about 10 July 2018 to the extent covered by the dividend distribution resolution, and otherwise when possible following the capital reduction procedure.

The Company's shares are currently listed on NASDAQ under the trading symbol "SBLK". Trading in the Shares on Oslo Stock Exchange is expected to commence on or about 10 July 2018 under the separate trading symbol "SBLK R" until the U.S. resale restriction period of six months has expired (see below). Following the expiration of such restriction period, the Shares will trade under the Company's ordinary trading symbol "SBLK".

Trades during the period until delivery of the Consideration Shares to eligible shareholders' VPS accounts will be settled on a T+2 basis. No account-to-account transactions and no transactions with settlement prior to delivery of the Consideration Shares will be allowed in this period.

The indicative timeline for the completion of the Transactions and admission of the Shares to trading on the Oslo Stock Exchange is as follows (subject to change):

Board Meeting Oslo Børs	22 June 2018
Completion of the Augustea Transaction	Q3 2018
Completion of the Songa Transaction	6 July 2018
First day of listing	10 July 2018

5.5 Trading Restrictions

The Shares are "restricted securities" under the U.S. Securities Act and subject to U.S. resale restrictions. The Company will issue the Shares in the name of the VPS Registrar whereupon the Shares will be recorded in the Company's U.S. share register maintained by the Company's transfer agent (AST), in the name of the VPS Registrar or its custodian whereby the Shares will bear a restrictive legend and stop order, preventing unauthorized transfers of the Shares. The beneficial interest in the Shares will then be issued in the VPS, and distributed to Songa / the eligible Songa shareholders.

As a result of the restrictive legend and stop order on the Shares in the Company's U.S. share register, an investor holding Shares would not be able to move the shares into DTC or directly into their own name on the Company's share register until the expiration of the six month period commencing on the date the Consideration Shares are distributed to the eligible Songa shareholders (the "**Restricted Period**").

During the Restricted Period, holders of Star Bulk Shares on Nasdaq may however be entitled to hold their interest in such shares through the VPS by including such shares in VPS, provided however that such holder would not be able to move those shares back into DTC / or record such shares directly in the Company's share register until the expiration of the Restricted Period. Such transfer of shares to the VPS is subject to a pertinent process being abided, pursuant to which costs and delay may be incurred.

Following the expiration of the Restricted Period, the restrictive legend and stop order relating to the VPS Registrar's share position maintained on the Company's share register will be removed (to the extent permitted by applicable laws, rules and regulations) and holders of the Shares through the VPS may then move the underlying shares into DTC or record such holdings directly in the name of the shareholder on the Company's share register if desired. Separate rules apply to affiliates of the Company.

6. BUSINESS OVERVIEW

This Section provides an overview of the business of the Group as of the date of this Prospectus. The following discussion contains Forward-looking Statements that reflect the Company's plans and estimates; see Section 4.2"General Information—Cautionary Note Regarding Forward-Looking Statements". You should read this Section in conjunction with the other parts of this Prospectus, in particular Section 2 "Risk Factors".

6.1 Introduction

The Company is an international shipping company with extensive operational experience that owns and operates a fleet of dry bulk carrier vessels. Following the completion of the Augustea, Songa and OCC Transactions, the Group will have a fleet of108 vessels consisting of Newcastlemax, Capesize, Post Panamax, Kamsarmax, Panamax, Ultramax and Supramax vessels. The Group's vessels transport a broad range of major and minor bulk commodities, including ores, coal, grains and fertilizers, along worldwide shipping routes.

6.2 History and Development

Star Maritime Acquisition Corp. ("**Star Maritime**"), was organized under the laws of the State of Delaware on 13 May 2005 as a blank check company formed to acquire, through a merger, capital stock exchange, asset acquisition or similar business combination, one or more assets or target businesses in the shipping industry. On 21 December 2005, Star Maritime consummated its initial public offering. Star Maritime's common stock and warrants started trading on the American Stock Exchange under the symbols, SEA and SEA.WS, respectively on 21 December 2005.

The Company was incorporated under the laws of the Republic of Marshall Islands on 13 December 2006 and has the business registration number 21451. The Company's executive offices is located at c/o Star Bulk Management Inc., 40 Agiou Konstantinou Str., Maroussi 15124, Athens, Greece and its telephone number is 011-30-210-617-8400. The Company's registered office is located at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

On 12 January 2007, Star Maritime and Star Bulk entered into definitive agreements to acquire a fleet of eight dry bulk carriers, referred to as the initial fleet.

On 2 November 2007, the Commission declared effective the Company's joint proxy/registration statement filed on Forms F-1/F-4 and on 27 November 2007, the Company obtained shareholders' approval for the acquisition of the initial fleet and for effecting a merger (the "**Redomiciliation Merger**") as a result of which Star Maritime merged into Star Bulk with Star Maritime merging out of existence and Star Bulk being the surviving entity. The Redomiciliation Merger became effective on 30 November 2007, and the common shares and warrants of Star Maritime ceased trading on the American Stock Exchange. The Company's common shares and warrants started trading on the Nasdaq Global Select Market on 3 December 2007, under the ticker symbols SBLK and SBLKW, respectively. All of the Company's warrants expired worthless and ceased trading on the Nasdaq Global Select Market on March 15, 2010. The Company began its operations on December 3, 2007, with the delivery of its first vessel *Star Epsilon*.

On 25 February 2014, the Company acquired 33% of the total outstanding common stock of Interchart, a Liberian company, for a total consideration of USD 0.2 million in cash and 4,520 restricted common shares issued on 1 April 2014. The ownership interest was purchased from an entity affiliated with family members of the Company's Chief Executive Officer, including the Company's former director Ms. Milena-Maria Pappas. The Company and Interchart are parties to a services agreement for chartering, brokering and commercial services for the Company's vessels for a monthly fee of USD 0.3 million. The agreement is currently effective until 31 December 2018.

On 11 July 2014, the Company completed a merger, pursuant to which the Company acquired Oceanbulk Shipping LLC ("**Oceanbulk Shipping**") and Oceanbulk Carriers LLC ("**Oceanbulk Carriers"** and, together with

Oceanbulk Shipping, “**Oceanbulk**”) from entities affiliated with family members of Mr. Petros Pappas, the Company’s Chief Executive Officer, and Oaktree Capital Management. Oceanbulk owned and operated a fleet of 12 dry bulk carrier vessels and owned contracts for the construction of 25 newbuilding dry bulk fuel-efficient Eco-type vessels at shipyards in Japan and China. The consideration paid by the Company in the merger to the sellers of Oceanbulk was 9,679,153 common shares.

The Oceanbulk merger also provided for the acquisition of two Kamsarmax vessels (the “**Heron Vessels**”) from Heron Ventures Ltd. (“**Heron**”), pursuant to which on 11 November 2014, the Company entered into two separate agreements with Heron to acquire the two Heron Vessels, namely *Star Gwyneth* and *Star Angelina*, which were delivered to the Company on 5 December 2014. The cost for the acquisition of these vessels was determined based on the fair value of the 423,141 common shares, issued on 11 July 2014, in connection with the Heron Transaction, of USD 25.1 million and USD 25.0 million in cash. In addition, as part of the merger, the Company acquired the issued and outstanding shares of Dioriga Shipping Co. and Positive Shipping Company (collectively, the “**Pappas Companies**”), which were entities owned and controlled by affiliates of the family of Mr. Petros Pappas . The Pappas Companies owned and operated a dry bulk carrier vessel, *Tsu Ebisu* and had a contract for the construction of a newbuilding dry bulk carrier vessel, *Indomitable* (ex-HN 5016), which was delivered to the Company in January 2015. The consideration paid for the Pappas Companies was 718,546 common shares. The abovementioned transactions will hereafter be referred to as the “**July 2014 Transactions.**”

In connection with the July 2014 Transactions, Mr. Petros Pappas became the Company’s Chief Executive Officer, Mr. Hamish Norton became the Company’s President, Mr. Christos Begleris became the Company’s Co-Chief Financial Officer and Mr. Nicos Rescos became the Company’s Chief Operating Officer. Mr. Spyros Capralos resigned as the Company’s Chief Executive Officer, but remained with the Company as the Company’s Chairman, and Mr. Zenon Kleopas (the Company’s former Chief Operating Officer) continued as the Company’s Executive Vice President—Technical Operations. Executive management for the year ended 31 December 2017 consists of the Company’s CEO, President, Co-CFOs and COO.

In connection with the July 2014 Transactions, the Company entered into shareholder agreements with Oaktree (the **“Oaktree Shareholders Agreement”**) and Mr. Petros Pappas and his children, Ms. Milena-Maria Pappas (the Company’s former director) and Mr. Alexandros Pappas, and entities affiliated to them (the “**Pappas Shareholders**”). The Company also entered into an Amended and Restated Registration Rights Agreement among the Company, Oaktree affiliates of Mr. Petros Pappas and Monarch Alternative Capital LP (“**Monarch**”) (the “**Registration Rights Agreement**”). For more information regarding the terms of the Registration Rights Agreement, see Section 12.3.

On 19 August 2014, the Company entered into definitive agreements with Excel Maritime Carriers Ltd. (“**Excel**”) pursuant to which the Company acquired 34 operating dry bulk vessels, consisting of six Capesize vessels, 14 Kamsarmax vessels, 12 Panamax vessels and two Handymax vessels (the “**Excel Vessels**”). The transfers of the Excel Vessels were completed on a vessel-by-vessel basis, in general upon reaching port after their voyages and cargoes were discharged. The foregoing transactions will collectively be referred to as the “**Excel Transactions**.” The total consideration for the Excel Transactions was 5,983,462 common shares and USD 288.4 million in cash. The July 2014 Transactions and the Excel Transactions collectively, will hereafter be referred to as the “**2014 Transactions**.”

As a result of the 2014 Transactions, the Group acquired 49 additional vessels and 26 additional newbuilding contracts.

Since the completion of the 2014 Transactions, in response to changing market conditions, the Group has disposed certain of its vessels (the majority of which were older vessels) and have sold, cancelled or transferred some of its newbuilding vessels.

On 17 December 2014, the Company announced the formation of a long-term strategic partnership with a significant iron ore mining company for the chartering of three Newcastlemax vessels, under an index-linked voyage charter for a five-year period. This arrangement allow the Group to take the full benefit of the vessels' increased cargo carrying capacity as well as potential savings arising from their fuel efficiency, as the Group will be compensated on a USD /ton basis, while being responsible for the voyage expenses of the vessels.

On April 20, 2018 the Company entered into an agreement to acquire 16 vessels in an all- share transaction from entities affiliated with Augustea Atlantica SpA and York Capital Management under the terms of the Augustea Transaction. The transaction contemplates that the shares issued under the Augustea transaction will have registration rights. The Augustea Transaction is expected to be completed during third quarter of 2018.

On 14 May 2018 the Company entered into an agreement to acquire the 15 Songa Vessels under the terms of the Songa Transaction.

On 14 May 2018 the Company entered into an agreement to acquire three Newcastlemax newbuilding vessels from Oceanbulk Container Carriers LLC under the terms of the OCC Transaction.

As a result, the Group, on a fully delivered basis, after closing of the Transactions, will own and operate a fleet of 105 operating vessels, and 3 new building vessels, and is well-positioned to take advantage of the ongoing recovery in the dry bulk market. After giving effect to these Transactions, the Company is expected to be the largest US listed dry bulk operator in terms of number of vessels and dwt.

Other than the events disclosed in this Prospectus, there have been no material events in the period 2014-2018.

6.3 Fleet

The Group has built a fleet through timely and selective acquisitions of secondhand and newbuilding vessels owned by it, or operated under sale and lease-back arrangements. The fleet is well-positioned to take advantage of economies of scale in commercial, technical and procurement management. The vessels have a carrying capacity between 52,055 dwt and 209,537 dwt. The Group's vessels transport a broad range of major and minor bulk commodities, including ores, coal, grains and fertilizers, along worldwide shipping routes. Because of the industry reputation and relationships of Mr. Pappas and the Company's senior management, the Company has contracted with leading Japanese and Chinese shipyards for its newbuilding vessels. The Group has a large, modern, fuel-efficient and high-quality fleet, which emphasizes the largest Eco-type Capesize and Newcastlemax vessels, built at leading shipyards and featuring the latest technology. As a result, the Company believes it will have an opportunity to capitalize on rising market demand during a period of reduced fleet growth, customer preferences for its ships and economies of scale, while enabling the Company to capture the benefits of fuel cost savings through spot time charters or voyage charters.

Each of the Group's newly built vessels is equipped with a vessel remote monitoring system that provides data to monitor fuel and lubricant consumption and efficiency on a real-time basis. While these monitoring systems are generally available in the shipping industry, the Company believe that they can be cost-effectively employed only by large-scale shipping operators, such as the Group.

The following tables summarize key information about the Group's operating fleet, as of the date of this Prospectus. The Group's vessels are chartered out in long time charter (TC) or directly in the spot market or through pool arrangements, or are fixed out on index linked time charter contracts or index linked voyage charter contracts. As of the date of this prospectus, none of the Company's vessels are laid up. Please also refer to Section 10.7 for description of financing arrangements for existing fleet and intended financing/anticipated sources of funds in connection with the Transactions.

Existing On the Water Fleet

	Vessel Name	Vessel Type	Capa-city (dwt.)	Year Built	Date Delivered to Star Bulk	Flag	Spot/TC	Status	Mortgage under
1	Goliath	Newcastle max	209 537	2015	July-15	Cyprus	Spot	Operating	DNB-SEB-CEXIM USD 227,500
2	Gargantua	Newcastle max	209 529	2015	April-15	Cyprus	Index linked voyage charter	Operating	DNB-SEB-CEXIM USD 227,500
3	Star Poseidon	Newcastle max	209 475	2016	February-16	Marshall Islands	Spot	Operating	DNB-SEB-CEXIM USD 227,500
4	Maharaj	Newcastle max	209 472	2015	July-15	Cyprus	Index linked voyage charter	Operating	DNB-SEB-CEXIM USD 227,500
5	Star Leo (1)	Newcastle max	207 939	2018	May-18	Liberia	Spot	Operating	CSSC capital leases
6	Star Ariadne (1)	Newcastle max	207 812	2017	March-17	Liberia	Index linked time charter	Operating	CSSC capital leases
7	Star Eleni (1)	Newcastle max	207 810	2018	January-18	Liberia	Index linked time charter	Operating	CSSC capital leases
8	Star Virgo (1)	Newcastle max	207 810	2017	March-17	Cyprus	Index linked time charter	Operating	CSSC capital leases
9	Star Libra (1)	Newcastle max	207 765	2016	June-16	Marshall Islands	Index linked voyage charter	Operating	CSSC capital leases
10	Star Marisa (1)	Newcastle max	207 709	2016	March-16	Marshall Islands	Index linked voyage charter	Operating	CSSC capital leases
11	Star Magnanimus (1)	Newcastle max	207 465	2018	March-18	Liberia	Spot	Operating	CSSC capital leases
12	Leviathan	Capesize	182 511	2014	September-14	Marshall Islands	Spot	Operating	Deutsche Bank USD 85,000
13	Peloreus	Capesize	182 496	2014	July-14	Marshall Islands	Index linked time charter	Operating	Deutsche Bank USD 85,000
14	Star Martha	Capesize	180 274	2010	October-14	Marshall Islands	Spot	Operating	DVB USD 24,750
15	Star Pauline	Capesize	180 274	2008	December-14	Marshall Islands	Spot	Operating	Citi

	Vessel Name	Vessel Type	Capacity (dwt.)	Year Built	Date Delivered to Star Bulk	Flag	Spot/TC	Status	Mortgage under
16	Pantagruel	Capesize	180 181	2004	July-14	Marshall Islands	Spot	Operating	ABN USD 87,458
17	Star Borealis	Capesize	179 678	2011	September-11	Marshall Islands	Spot	Operating	Credit Agricole USD 70,000
18	Star Polaris	Capesize	179 600	2011	November-11	Marshall Islands	Spot	Operating	Credit Agricole USD 70,000
19	Star Angie	Capesize	177 931	2007	October-14	Marshall Islands	TC	Operating	Citi
20	Big Fish	Capesize	177 662	2004	July-14	Marshall Islands	Spot	Operating	ABN USD 87,458
21	Kymopolia	Capesize	176 990	2006	July-14	Marshall Islands	Spot	Operating	HSBC USD 86,600
22	Star Triumph	Capesize	176 343	2004	December-17	Liberia	TC	Operating	Deutsche Bank USD 39,000
23	Big Bang	Capesize	174 109	2007	July-14	Marshall Islands	Spot	Operating	ABN USD 87,458
24	Star Aurora	Capesize	171 199	2000	September-10	Marshall Islands	TC	Operating	NBG USD 30,000
25	Amami	Post Panamax	98 681	2011	July-14	Marshall Islands	Spot	Operating	HSBC USD 86,600
26	Madredeus	Post Panamax	98 681	2011	July-14	Marshall Islands	Spot	Operating	HSBC USD 86,600
27	Star Sirius	Post Panamax	98 681	2011	March-14	Marshall Islands	TC	Operating	Deutsche Bank USD 39,000
28	Star Vega	Post Panamax	98 681	2011	February-14	Marshall Islands	TC	Operating	Deutsche Bank USD 39,000
29	Star Angelina	Kamsarmax	82 981	2006	December-14	Marshall Islands	Spot	Operating	ABN USD 30,844
30	Star Gwyneth	Kamsarmax	82 790	2006	December-14	Marshall Islands	Spot	Operating	ABN USD 30,844
31	Star Kamila	Kamsarmax	82 769	2005	September-14	Marshall Islands	Spot	Operating	Citi
32	Pendulum	Kamsarmax	82 619	2006	July-14	Marshall Islands	TC	Operating	HSBC USD 86,600
33	Star Maria	Kamsarmax	82 598	2007	November-14	Marshall Islands	Spot	Operating	DNB USD 120,000
34	Star Markella	Kamsarmax	82 594	2007	September-14	Marshall Islands	TC	Operating	DNB USD 120,000
35	Star Danai	Kamsarmax	82 574	2006	October-14	Marshall Islands	Spot	Operating	DNB USD 120,000
36	Star Georgia	Kamsarmax	82 298	2006	October-14	Marshall Islands	Spot	Operating	Citi

	Vessel Name	Vessel Type	Capa-city (dwt.)	Year Built	Date Delivered to Star Bulk	Flag	Spot/TC	Status	Mortgage under
37	Star Sophia	Kamsarmax	82 269	2007	October-14	Marshall Islands	Spot	Operating	Citi
38	Star Mariella	Kamsarmax	82 266	2006	September -14	Marshall Islands	Spot	Operating	DNB USD 120,000
39	Star Moira	Kamsarmax	82 257	2006	November-14	Marshall Islands	Spot	Operating	DNB USD 120,000
40	Star Nina	Kamsarmax	82 224	2006	January-15	Marshall Islands	Spot	Operating	Citi
41	Star Renee	Kamsarmax	82 221	2006	December-14	Marshall Islands	TC	Operating	DNB USD 120,000
42	Star Nasia	Kamsarmax	82 220	2006	August-14	Marshall Islands	Spot	Operating	DNB USD 120,000
43	Star Laura	Kamsarmax	82 209	2006	December-14	Marshall Islands	Spot	Operating	DNB USD 120,000
44	Star Jennifer	Kamsarmax	82 209	2006	April-15	Marshall Islands	Spot	Operating	DNB USD 120,000
45	Star Helena	Kamsarmax	82 187	2006	December-14	Marshall Islands	Spot	Operating	DNB USD 120,000
46	Star Charis	Kamsarmax	81 711	2013	March-17	Liberia	TC	Operating	ABN USD 30,844
47	Star Suzanna	Kamsarmax	81 711	2013	May-17	Liberia	Spot	Operating	ABN USD 30,844
48	Mercurial Virgo	Kamsarmax	81 545	2013	July-14	Marshall Islands	Spot	Operating	HSBC USD 86,600
49	Star Iris	Panamax	76 466	2004	September -14	Marshall Islands	TC	Operating	NBG USD 30,000
50	Star Emily	Panamax	76 417	2004	September -14	Marshall Islands	Spot	Operating	HSBC USD 86,600
51	Idee Fixe (1)	Ultramax	63 458	2015	March-15	Marshall Islands	Spot	Operating	New Yangzijiang Capital lease
52	Roberta (1)	Ultramax	63 426	2015	March-15	Marshall Islands	Spot	Operating	New Yangzijiang Capital lease
53	Laura (1)	Ultramax	63 399	2015	April-15	Marshall Islands	Spot	Operating	New Yangzijiang Capital lease
54	Kaley (1)	Ultramax	63 283	2015	June-15	Marshall Islands	Spot	Operating	New Yangzijiang Capital lease
55	Kennadi	Ultramax	63 262	2016	January-16	Marshall Islands	Spot	Operating	Sinosure
56	Mackenzie	Ultramax	63 226	2016	March-16	Marshall Islands	Spot	Operating	Sinosure
57	Star	Ultramax	61 462	2012	December-	Marshall	Spot	Operating	HSH USD

	Vessel Name	Vessel Type	Capa-city (dwt.)	Year Built	Date Delivered to Star Bulk	Flag	Spot/TC	Status	Mortgage under
	Challenger				13	Islands			35,000
58	Star Fighter	Ultramax	61 455	2013	December-13	Marshall Islands	Spot	Operating	HSH USD 35,000
59	Star Lutas	Ultramax	61 347	2016	January-16	Marshall Islands	Spot	Operating	Sinosure
60	Honey Badger	Ultramax	61 320	2015	February-15	Marshall Islands	Spot	Operating	Sinosure
61	Wolverine	Ultramax	61 292	2015	February-15	Marshall Islands	Spot	Operating	Sinosure
62	Star Antares	Ultramax	61 258	2015	October-15	Marshall Islands	Spot	Operating	Sinosure
63	Star Aquarius	Ultramax	60 916	2015	July-15	Marshall Islands	Spot	Operating	NIBC USD 32,000
64	Star Pisces	Ultramax	60 916	2015	August-15	Marshall Islands	Spot	Operating	NIBC USD 32,000
65	Diva	Supramax	56 582	2011	July-17	Liberia	Spot	Operating	DNB USD 120,000
66	Strange Attractor	Supramax	55 742	2006	July-14	Marshall Islands	Spot	Operating	ABN USD 87,458
67	Star Omicron	Supramax	53 489	2005	April-08	Marshall Islands	TC	Operating	HSH USD 64,500
68	Star Gamma	Supramax	53 098	2002	January-08	Marshall Islands	Spot	Operating	NBG USD 30,000
69	Star Zeta	Supramax	52 994	2003	January-08	Marshall Islands	Spot	Operating	HSH USD 64,500
70	Star Delta	Supramax	52 434	2000	January-08	Marshall Islands	Spot	Operating	NBG USD 30,000
71	Star Theta	Supramax	52 425	2003	December-07	Marshall Islands	Spot	Operating	NBG USD 30,000
72	Star Epsilon	Supramax	52 402	2001	December-07	Marshall Islands	Spot	Operating	NBG USD 30,000
73	Star Cosmo	Supramax	52 247	2005	July-08	Marshall Islands	Spot	Operating	HSH USD 64,500
74	Star Kappa	Supramax	52 055	2001	December-07	Marshall Islands	Spot	Operating	HSH USD 64,500
		Total dwt	**8,208,918**						

(1) Subject to a bareboat charter with purchase obligation.

Fleet coverage

As of the date of this Prospectus , the Company has covered approx. 88% of the days in Q2 2018 at average TCE rates of USD 12,758 per day.

More specifically:
Capesize Vessels: approx. 74%of days at approximately USD 15,825 per day
Panamax Vessels: approx. 94% of days at approximately USD 12,387 per day
Supramax Vessels: approx. 96% of days at approximately USD 10,876 per day

Augustea Vessels to be acquired

	Vessel Name	Vessel Type	Capacity (dwt.)	Shipyard	Year Built	Flag	Spot/TC	Status
1	ABOY Sienna (1)	Newcastlemax	208,000	SWS	2017	Malta	Spot	Operating
2	ABOY Laetitia (1)	Newcastlemax	208,000	SWS	2017	Malta	Index linked time charter	Operating
3	ABOY Karlie (1)	Newcastlemax	208,000	SWS	2016	Malta	TC(2)	Operating
4	ABY Scarlett	Capesize	178,000	Jinhai	2014	Malta	TC(3)	Operating
5	ABYO Audrey	Capesize	175,125	New Times	2011	Malta	Index linked time charter	Operating
6	Paola	Mini-Capesize	115,259	NTS	2011	Malta	Index linked time charter	Operating
7	ABML Eva	Mini-Capesize	106,659	STX Dalian	2011	Malta	Index linked time charter	Operating
8	Piera	Post Panamax	91,951	Sungdong	2010	Malta	Spot	Operating
9	Maria Laura Prima	Post Panamax	91,945	Sungdong	2010	Malta	Index linked time charter	Operating
10	Aphrodite	Post Panamax	91,827	Sungdong	2011	Malta	Spot	Operating
11	ABY Jeannette	Kamsarmax	83,000	STX	2014	Malta	Spot	Operating
12	ABY Asia	Kamsarmax	82,000	Sanoyas	2017	Malta	Spot	Operating
13	Lydia Cafiero	Kamsarmax	81,187	JMU	2013	Singapore	Spot	Operating
14	Nicole	Kamsarmax	81,120	JMU	2013	Singapore	Spot	Operating
15	ABY Virginia	Kamsarmax	81,000	JMU	2015	Malta	Index linked time charter	Operating
16	ABY Monica	Ultramax	60,000	JMU	2015	Malta	Index linked time charter	Operating
		Total dwt	1,943,073					

(1) Subject to a bareboat charter with purchase obligation.
(2) The vessel is fixed at USD 18,285 daily hire until the first quarter of 2021.
(3) The vessel is fixed at USD 12,585 daily hire until the first quarter of 2019.

Assumed debt of USD 310.0 million with regards to the Augustea Transaction is secured by the 16 Augustea Vessels presented above.

Songa Vessels to be acquired

	Vessel Name	Vessel Type	Capacity (dwt.)	Ship-yard	Year Built	Flag	Spot/ TC	Status	Mortgage under
1	Songa Claudine	Capesize	181,258	STX	2011	Marshall Islands	Spot	Operating	CMBL
2	Songa Opus	Capesize	180,706	STX	2010	Marshall Islands	Spot	Operating	CMBL
3	Songa Mountain	Capesize	179,150	Hyundai	2009	Marshall Islands	Spot	Operating	CMBL
4	Songa Hirose	Kamsarmax	83,494	Sanoyas	2011	Cayman Islands	Spot	Operating	CMBL
5	Songa Genesis	Kamsarmax	82,705	STX	2010	Marshall Islands	Spot	Operating	CMBL
6	Songa Maru	Kamsarmax	82,687	Tsuneishi	2008	Marshall Islands	Spot	Operating	CMBL
7	Songa Grain	Kamsarmax	82,672	Tsuneishi	2008	Cayman Islands	Spot	Operating	CMBL
8	Songa Moon	Kamsarmax	82,158	Tsuneishi	2012	Cayman Islands	TC(1)	Operating	CMBL
9	Songa Hadong	Kamsarmax	82,158	Tsuneishi	2012	Marshall Islands	Spot	Operating	CMBL
10	Songa Devi	Kamsarmax	81,918	Tsuneishi	2014	Marshall Islands	Spot	Operating	CMBL
11	Songa Delmar	Kamsarmax	81,501	Hyundai	2011	Marshall Islands	Spot	Operating	CMBL
12	Songa Sky	Kamsarmax	81,466	Sumitomo	2010	Marshall Islands	TC(2)	Operating	CMBL
13	Songa Flama	Kamsarmax	80,448	STX	2011	Cayman Islands	Spot	Operating	CMBL
14	Songa Wave	Ultramax	61,491	COSCO Dalian	2017	Cayman Islands	Spot	Operating	CMBL
15	Songa Glory	Supramax	58,680	COSCO Nantong	2012	Cayman Islands	Spot	Operating	CMBL
		Total dwt	1,482,492						

(1) The vessel is fixed at USD 13,600 daily hire until the first quarter of 2019.
(2) The vessel is fixed at USD 13,250 daily hire until the first quarter of 2019.

Newbuilding Vessels to be acquired from Oceanbulk Container Carriers

	Vessel Name	Vessel Type	Capacity (dwt.)	Shipyard	Expected Delivery Date	Flag	Spot/ TC	Status	Mortgage under
1	HN1388	Newcastlemax	208,000	SWS, China	Dec-18	Liberia	n/a	Newbuilding	CSSC lease
2	HN1389	Newcastlemax	208,000	SWS, China	Feb-19	Liberia	n/a	Newbuilding	CSSC lease
3	HN1390	Newcastlemax	208,000	SWS, China	Apr-19	Liberia	n/a	Newbuilding	CSSC lease
		Total dwt:	**624,000**						

(1) Subject to a bareboat charter with purchase obligation.

Strengths and Strategies

Vision and Strategy

The Company's primary objectives are to grow the Company's business profitably and to continue to grow as a successful owner and operator of dry bulk vessels. The key elements of the Company's strategy are:

Capitalize on potential increases in charter hire rates for dry bulk shipping

The dry bulk shipping industry is cyclical in nature. The supply of dry bulk carriers is dependent on the delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or loss, and the demand for dry bulk shipping is often dependent on economic conditions, and international trade. The recent historically low dry bulk charter hire rates seen in 2016 acted as a catalyst for ship owners, who scrapped a significant number of vessels, until equilibrium between demand and supply of vessels was achieved. Based on the Company's analysis of industry dynamics, the Company believes that dry bulk charter hire rates will rise in the medium term due to the drastic supply cuts that owners implemented in 2016. As of the beginning of March, 2018, the global dry bulk carrier order book amounted to approximately 10.0% of the existing fleet at that time. During 2017, a total of 14.6 million dwt was scrapped, representing significant scrapping activity but lower than the third-highest figure on record during 2016 (29.3 million dwt), as the dry bulk market improved. Since then, as of March 2018, the Company has observed a further slowing in the annualized demolition rate, with 1.4 million dwt being scrapped since the beginning of 2018. Historically, from 2006 to 2015, vessel annual demolition rate averaged 15.2 million dwt per year, with a high of 33.41 million dwt scrapped in 2012. Given the reduced vessel supply, and the continued strength in demand for dry bulk commodities globally, the Company believes there will be an increasingly positive effect on freight rates in the future. While the charter market remains at current levels, the Company intends to operate the Group's vessels in the spot market under short-term time charter market or voyage charters in order to benefit from any future increases in charter rates.

Charter the Group's vessels in an active and sophisticated manner

The Group's business strategy is centered on arranging voyage and short-term time charters for its vessels given the current market levels. This approach is also tailored specifically to the fuel efficiency of its newly delivered vessels. While this process is more difficult and labor intensive than placing the Group's vessels on longer-term time charters, it can lead to greater profitability, particularly for vessels that have lower fuel consumption than typical vessels. When operating a vessel on a voyage charter, the Group (as owner of the vessel) will incur fuel costs, and therefore, the Group is in a position to benefit from fuel savings (particularly for the Group's Eco-type vessels). If charter market levels rise, the Group may employ part of its fleet in the long-term time charter market, while the Group may be able to more advantageously employ its newly delivered vessels in the voyage charter market in order to capture the benefit of available fuel cost savings. The Group's large, diverse and high quality fleet provides scale to major charterers, such as iron ore miners, utility companies and commodity trading houses. On 17 December 2014, the Company announced the formation of a long-term strategic partnership with a significant iron ore mining company for the chartering of three Newcastlemax vessels, under an index-linked voyage charter for a five-year period. This arrangement allow the Group to take the full benefit of the vessels' increased cargo carrying capacity as well as potential savings arising from their fuel efficiency, as the Group will be compensated on a USD /ton basis, while being responsible for the voyage expenses of the vessels. The Group seek similar arrangements with other charterers, providing the scale required for the transportation of large commodity volumes over a multitude of trading routes around the world.

On 25 January 2016, the Company entered into a Capesize vessel pooling agreement ("**CCL**") with Bocimar International NV, Golden Ocean Group Limited, Songa and C Transport Holding Ltd. During 2017, the Company operated seven of the Group's Capesize dry bulk vessels as part of one combined CCL fleet. The CCL fleet (which include three of the Songa Vessels) consists of approximately 76 modern Capesize vessels and is being managed out of Singapore and Antwerp. The pool manager is Capesize Chartering Limited. Each vessel owner will continue to be responsible for the operating, accounting and technical management of its respective vessels. For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of voyage expenses and expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by points awarded to each pool participant vessel (based on the vessel's age, design, consumption and other performance characteristics) as well as the time each vessel has spent in the pool. In addition, the cost of managing the pool is also invoiced at cost to each pool member based on the same allocation system. The pool agreement shall automatically expire on the fifth anniversary unless otherwise agreed in writing by all the parties thereto. The Company expect to achieve improved scheduling ability through the joint marketing opportunity that CCL represents for the Group's Capesize vessels, with the overall aim of enhancing economic efficiencies.

On 3 October 2017, the Company formed Star Logistics as a new subsidiary, which focuses on servicing the end user by connecting origination and destination of dry bulk commodities. Star Logistics charters-in the Group's and third party vessels to service specific charter hire agreements. Star Logistics is expected to further expand the Company's commercial capability through additional commercial expertise and advanced tools on the Kamsarmax and geared bulk carriers (i.e. Ultramax and Supramax vessels). Moreover, it will provide the Company with access to considerable cargo flow and market information as it is staffed by an experienced team of shipping logistics professionals and is based in Geneva, Switzerland, giving the Company a significant presence in a main center of the dry bulk commodities market.

Expand and renew the Group's fleet through opportunistic acquisitions of high-quality vessels at attractive prices

As market conditions improve, the Company may opportunistically acquire high-quality vessels at attractive prices that are accretive to its cash flow. The Company also look to opportunistically renew its fleet by replacing older vessels that have higher maintenance and survey costs and lower operating efficiency with newer vessels that have lower operating costs, fewer maintenance and survey requirements, lower fuel consumption and overall enhanced commercial attractiveness to its charterers. When evaluating acquisitions, the Company will consider and analyze, among other things, its expectations of fundamental developments in the dry bulk shipping industry sector, the level of liquidity in the resale and charter market, the cash flow earned by the vessel in relation to its value, its condition and technical specifications with particular regard to fuel consumption, expected remaining useful life, the credit quality of the charterer and duration and terms of charter contracts for vessels acquired with charters attached, as well as the overall diversification of the Group's fleet and customers. The Company believes that these circumstances combined with its management's knowledge of the shipping industry may present an opportunity for the Group to grow its fleet at favourable prices.

Maintain a strong balance sheet through moderate use of leverage

The Group plan to finance its fleet, including future vessel acquisitions, with a mix of debt (subject to certain restrictions in the debt agreements) and equity, and the Company intends to maintain moderate levels of leverage over time, even though the Company may have the capacity to obtain additional financing. As of 31 December 2017, the Group's debt to total capitalization ratio was approximately 49%. Charterers have increasingly favoured financially solid vessel owners, and the Company believes that its balance sheet strength will enable the Company to access more favourable chartering opportunities, as well as give the Company a competitive advantage in pursuing vessel acquisitions from commercial banks and shipyards, which in the Company's experience have recently displayed a preference for contracting with well-capitalized counterparties.

Values

The Company is guided by the following principles:

- *Entrepreneurship*
  The Company is dynamic, rigorous, agile and assertive in its everyday work and decision-making

- *Openness*
  The Company promote honesty, transparency, integrity and ethos, as well as willingness to listen, learn and develop one's self

- *Meritocracy*
  The Company is fair to its business partners and also to its employees, whose talents is promoted and developed within the organization

- *Initiative*
  The Company encourages new ideas, creativity, and innovative approaches to continuously improve its services and its way of working

- *Teamwork*
  The Company fosters collaboration and respect, and aims to leverage each person's competencies for the benefit of the company.

Strengths

A high quality modern fleet

The Company owns a modern, diverse, high quality fleet of dry bulk carrier vessels. Owning a modern, high quality fleet reduces operating costs, improves safety and provides the Company with a competitive advantage in securing favourable time charters. The Company maintains the quality of its vessels by carrying out regular inspections, both while in port and at sea, and adopting a comprehensive maintenance program for each vessel. Furthermore the Company takes a proactive approach to safety and environmental protection through comprehensively planned maintenance systems, preventive maintenance programs and by retaining and training qualified crews.

In-house commercial and technical management of the Group's fleet enable the Group to have very competitive operating expenses and high vessel maintenance standards

The Company conducts a significant portion of the commercial and technical management of the Group's vessels in-house through the Company's wholly owned subsidiaries, Star Bulk Management Inc., Star Bulk Shipmanagement Company (Cyprus) Limited and Starbulk S.A. The Company believes having control over the commercial and technical management provides the Company with a competitive advantage over many of its competitors by allowing the Company to more closely monitor its operations and to offer higher quality performance, reliability and efficiency in arranging charters and the maintenance of its vessels. The Company also believes that these management capabilities contribute significantly in maintaining a lower level of vessel operating and maintenance costs, without sacrificing the quality of the Group's operations. Reflecting the continued quality of the Group's vessels, as of December 2017, the Company is considered as a top quality service provider and the Company is among the top five operators among 70 shipowners by Rightship, a ratings agency that evaluates the condition of dry bulk vessels.

Focus on fuel efficiency and new technology to improve vessel operations

On a fully delivered basis (i.e. upon completion of the Transactions), thirty nine (39) of the Group's vessels, will be Eco-type vessels, which enables the Company to take advantage of available fuel cost savings and operational efficiencies and give the Company the opportunity to generate advantageous daily time charter equivalent (‘‘**TCE**’’) rates. In addition to the Eco-type vessels, 53 of the Groups' operating vessels are being equipped with sliding engine valves and alpha lubricators, which provide increased fuel efficiency and decreased lubricant consumption. Over 40% of the Group's operating fleet has been equipped with a sophisticated vessel remote monitoring system that allows the Company to collect real-time information on the performance of critical on-board equipment, with a particular focus on fuel consumption and engine performance. Using this information, the Company is able to be proactive in identifying potential problems and to evaluate optimum operating parameters during various sea passage conditions. The Company is also able to compare actual vessel performance to reported vessel performance and provide feedback to crews in real time, thereby reducing the likelihood of errors or omissions by the Group's crews. The vessel remote monitoring system is designed to enhance the Company's ability to manage the operations of its vessels, thereby increasing operational efficiency and reducing maintenance costs and off-hire time. Finally, because of the similarities between certain of the Group's vessels, the Company can take advantage of efficiencies in crewing, training and spare parts inventory management and can apply technical and operational knowledge of one ship to its sisterships.

Experienced management team with a strong track record in the shipping industry

The Company has an experienced management team with a strong track record in the shipping industry. For further information regarding the management team, please see Section 11"*The Board of Directors, Executive Management and Employees*"

Extensive relationships with customers, lenders, shipyards and other shipping industry participants

Through Mr. Pappas and the Company's senior management team, the Company has strong global relationships with shipping companies, charterers, shipyards, brokers and commercial shipping lenders. The senior management team has a long track record in the voyage chartering of dry bulk ships, which the Company expects will have great benefit to the Company in increasing the profitability of its fleet. The chartering team has long experience in the business of arranging voyage and short-term time charters and can leverage its extensive industry relationships to arrange for favourable and profitable charters. The Company believes that these relationships with these counterparties and its strong sale and purchase track record and reputation as a creditworthy counterparty should provide the Company with access to attractive asset acquisitions, chartering and ship financing opportunities. Mr. Pappas has also leveraged his deep relationships with various shipyards to enable the Company to implement the Company's newbuilding program with vessels of high specification.

6.4 Management

Management of the Fleet

Star Bulk Management Inc, Star Bulk Shipmanagement Company (Cyprus) Limited and Starbulk S.A., three of the Company's wholly-owned subsidiaries, perform the operational and technical management services for the vessels in the Group's fleet, including chartering, marketing, capital expenditures, personnel, accounting, paying vessel taxes and maintaining insurance.

As of December 31, 2017, the Group had 149 employees engaged in the day to day management of the Group's fleet, including the Group's executive officers, through Star Bulk Management Inc, Star Bulk Shipmanagement Company (Cyprus) Limited and Starbulk S.A. Star Bulk Management Inc, Star Bulk Shipmanagement Company (Cyprus) Limited and Starbulk S.A. employ a number of additional shore-based executives and employees designed to ensure the efficient performance of the Group's activities. The Company reimburse and/or advance funds as necessary to Star Bulk Management Inc, Star Bulk Shipmanagement Company (Cyprus) Limited and Starbulk S.A. in order for them to conduct their activities and discharge their obligations, at cost.

Star Bulk Management Inc. is responsible for the management of the vessels. Star Bulk Management's responsibilities include, inter alia, locating, purchasing, financing and selling vessels, deciding on capital expenditures for the vessels, paying vessels' taxes, negotiating charters for the vessels, managing the mix of various types of charters, developing and managing the relationships with charterers and the operational and technical managers of the vessels. Star Bulk Management Inc. subcontracts certain vessel management services to Starbulk S.A.

Starbulk S.A. provides the technical and crew management of the majority of the Group's vessels. Technical management includes maintenance, dry docking, repairs, insurance, regulatory and classification society compliance, arranging for and managing crews, appointing technical consultants and providing technical support.

Star Bulk Shipmanagement Company (Cyprus) Limited provides technical and operation management services in respect of 17 of the Group's vessels. The management services include arrangement and supervision of dry docking, repairs, insurance, regulatory and classification society compliance, provision of crew, appointment of surveyors and technical consultants.

All above management companies are direct subsidiaries of the Company and perform their services –for an indefinite period – at cost.

As part of the Songa Transaction, the Company will enter into a new technical management agreements (including crewing) with Songa Shipmanagement and Equinox on standard, market terms, relating to the relevant Songa Vessels commencing on the relevant date of completion and for a period which effectively, on average for all the Songa Vessels, shall not expire before 31 December 2018, and with advanced termination notice periods of 3 months.

The technical management of the Augustea Vessels will remain with an entity affiliated with Augustea Atlantica SpA, while commercial management will be taken over by the Company, as from delivery and acceptance of the Augustea Vessels on standard, market terms.

The management agreements for the new vessels acquired will be concluded upon completion of each of the Transactions, respectively.

Crewing

Starbulk S.A. and Star Bulk Shipmanagement Company (Cyprus) Limited are responsible for recruiting, either directly or through a technical manager or a crew manager, the senior officers and all other crew members for the vessels in the Group's fleet. Both companies have the responsibility to ensure that all seamen have the qualifications and licenses required to comply with international regulations and shipping conventions, and that the vessels are manned by experienced and competent and trained personnel. Starbulk S.A. and Star Bulk Shipmanagement Company (Cyprus) Limited are also responsible for insuring that seafarers' wages and terms of employment conform to international standards or to general collective bargaining agreements to allow unrestricted worldwide trading of the vessels and provides the crewing management for all the vessels in the Group's fleet. The Company has also a 25% ownership interest in Starocean Manning Philippines, Inc. ("**Starocean**"), a company that is incorporated and registered with the Philippine Securities and Exchange Commission, which provides crewing agency services under manning agreements with the Company's managers. The manning agreements shall continue for an indefinite period until terminated by either of the parties with a thirty days' notice.

Procurement

As of 1 January 2015, the Company engaged Ship Procurement Services S.A. (the "**SPS**"), a third-party company, to provide to the Group's fleet certain procurement services (including crewing, spares, stores, lubricants and performance monitoring services) at a daily fee of USD 295 per vessel. SPS offers services to over 100 vessels and its objective is to minimize operating and running expenses of its clients due to economies of scale. The agreement shall continue for an indefinite period until terminated by either of the parties.

6.5 Disclosure About Dependency on Patents and Licenses

The Company is not materially dependent on any patents, licences, or new manufacturing processes as of the date of this Prospectus. The financing arrangements described in Section 10.7.2 "Borrowings" are however necessary to finance newbuildings and existing vessels. The Company is dependent on these agreements to the extent that it would not be able to replace these financing arrangements with agreements on similar terms. Further, the Company is dependent on its ability to comply with certain law and regulations applicable from time to time which can significantly affect the ownership and operation of its vessels as further described in Section 10.16 "Environmental Issues".

6.6 Material Contracts

The Group has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus. Further, the Group has not entered into any other contract outside the ordinary course of business which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group. The Transactions (i.e. acquisitions of vessels) are considered to be within the ordinary course of the Group's business (for further details, please see Section 5.1).

The Group has financed its vessel acquisitions on market terms under several different loan facility agreements and capital lease arrangements. Please refer to section 10.7 for individual description of the Company's financing arrangements.

6.7 Legal and Arbitration Proceedings

As the date of this Prospectus, the Company is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) during the course of the preceding twelve months, which may have, or have had in the recent past significant effects on the Company or the Group's financial position or profitability.

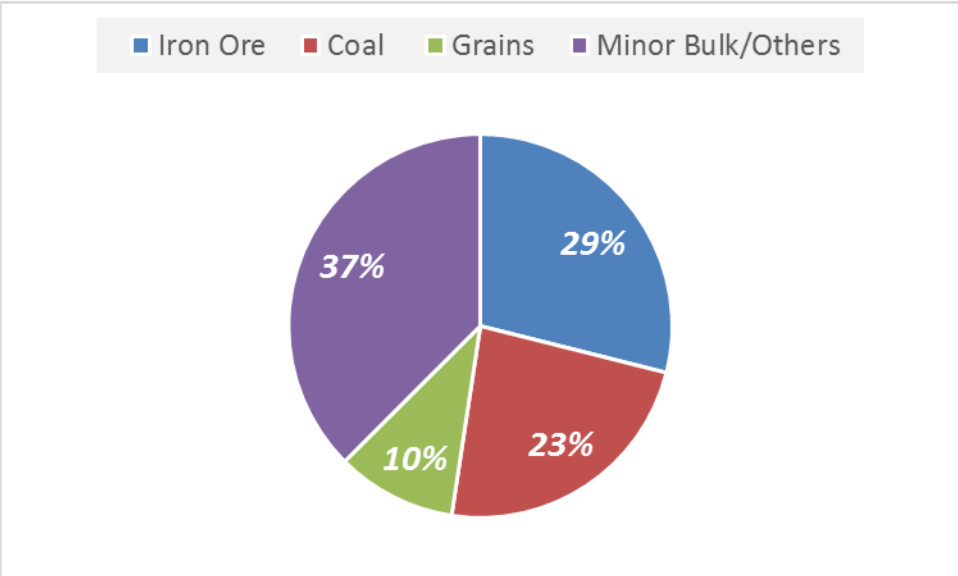
7. INDUSTRY OVERVIEW

This Section discusses the industry and markets in which the Group operates. Certain of the information in this Section relating to market environment, market developments, growth rates, market trends, industry trends, competition and similar information are estimates based on data compiled by professional organisations, consultants and analysts; in addition to market data from other external and publicly available sources, and the Company's knowledge of the markets, see Section 4.3"General Information—Presentation of Industry Data and Other Information". The following discussion contains Forward-looking Statements, see Section 4.2"General Information—Cautionary Note Regarding Forward-Looking Statements". Any forecast information and other Forward-looking Statements in this Section are not guarantees of future outcomes and these future outcomes could differ materially from current expectations. Numerous factors could cause or contribute to such differences, see Section 2 "Risk Factors" for further details.

7.1 Overview of the dry bulk shipping

The dry bulk shipping market is a complex, diverse and global market dealing with the seaborne transportation of dry bulk commodities. Iron ore, coal and grain are considered as the major bulk commodities, while alumina / bauxite, steel products, forest products, fertilizers, and others constitute the minor bulk commodities. Many of these products are correlated to general economic activity, and seaborne transportation follows several patterns reflecting geographical, economical and seasonal differences.

The below chart illustrates the composition of seaborne bulk products being transported as per 2017.



Source: Clarkson Research Services Limited, Shipping Intelligence Network 2018

The fleet used to carry dry bulk products is made up of oceangoing vessels in different sizes, each with their characteristics. Larger vessels will benefit from economies of scale and are best suited for long hauls between large ports, while smaller vessels have the flexibility to enter smaller ports.

- <u>Capesize (and larger):</u> Generally used as a term to describe vessels above 80,000 dwt carrying capacity. These vessels mainly carry iron ore and coal, and rely on port facilities for the loading and discharging of their cargo.

- <u>Panamax</u>: Denotes the largest vessel size that can pass fully laden through the Panama canal, i.e. vessels up to approximately 80,000 dwt. These vessels carry a mix of all major and some minor bulks, and generally rely on port facilities for loading and discharging.

- Supramax: Denotes vessels between approximately 50,000 and 60,000 dwt, being flexible vessels that carry all major and minor bulks, and typically having cargo gear to allow for loading and discharging independent of port facilities.

- Kamsarmax: Denotes vessels to meet the specified requirements making it the largest vessel that can enter the world's largest Bauxite port, Port Kamsar in the Republic of Guinea. Generally larger than 80,000 dwt, these vessels are often considered a sub-set of the "Panamax" family which would fall under Post-Panamax size. Most Kamsarmax bulk carriers are likely primarily devoted to the bauxite trade, there are those Kamsarmax vessels out there that will carry mostly agricultural products, coal, cement, iron ore or fertilizers.

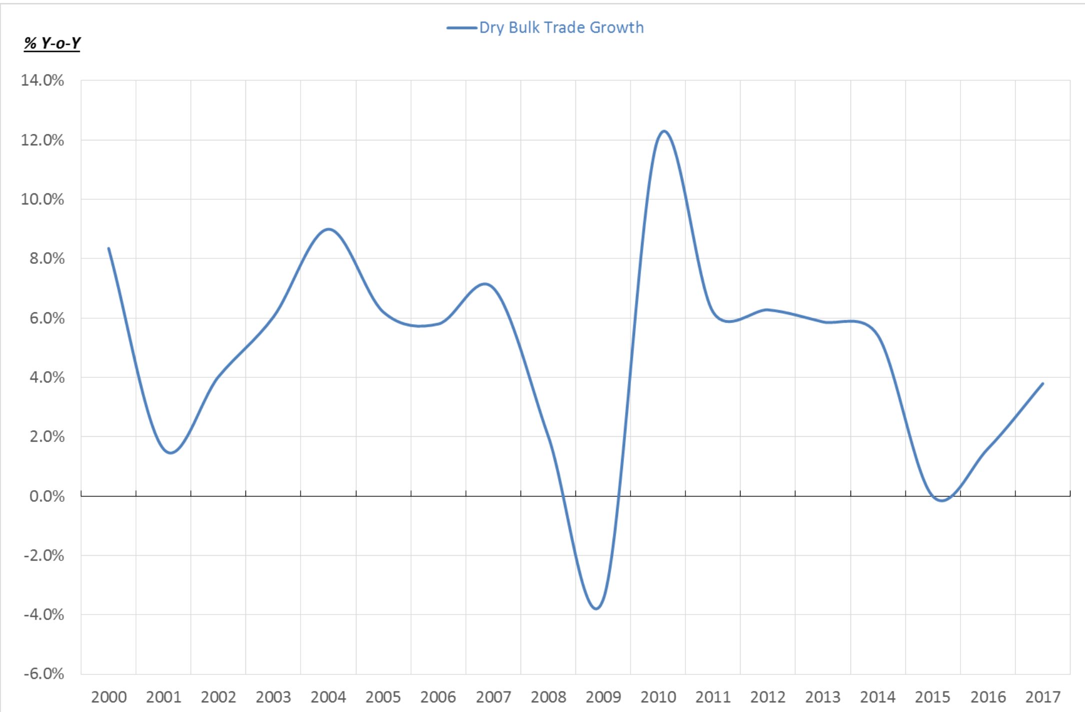
- Ultramax: Denotes vessels between approximately 40,000 dwt to 66,000 dwt. designed to carry bulk cargoes including coal, iron ore, grain and cement.

7.2 Key drivers for the dry bulk shipping market

Demand and supply balance

Demand for transportation of bulk commodities has varied considerably over time, with an uneven upwards trend.

The chart below provides an illustration of demand growth since the year 2000.



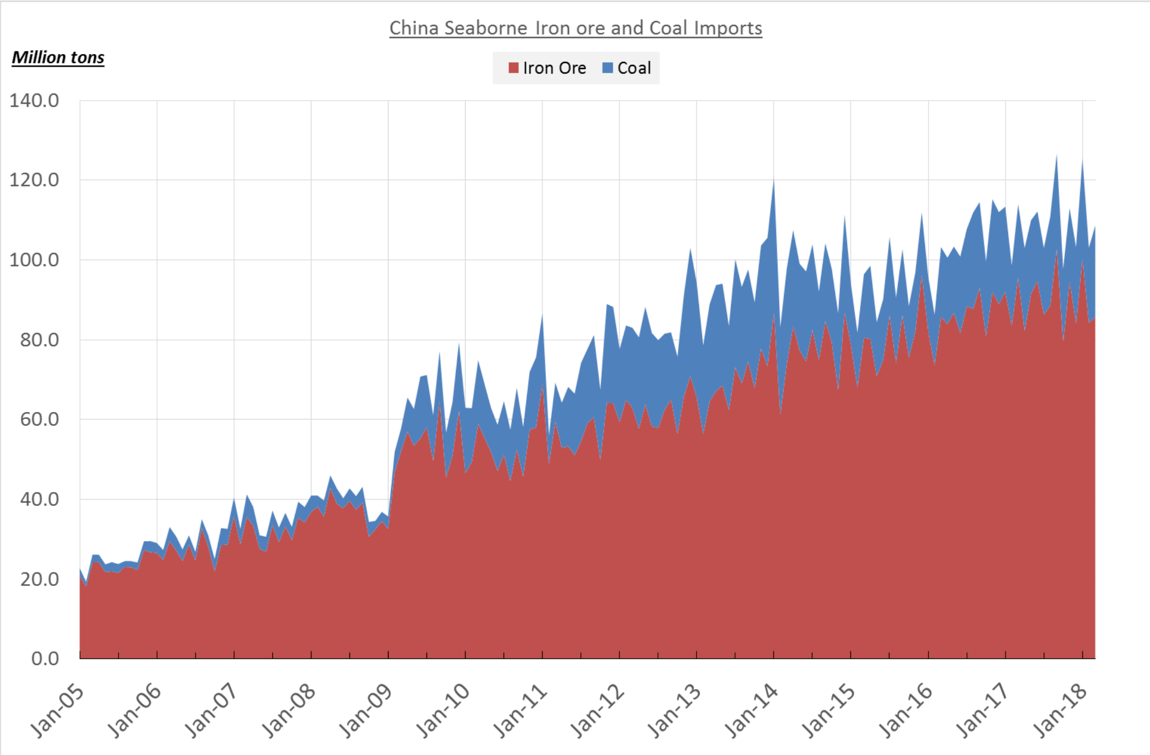
Source: Clarkson Research Services Limited, Shipping Intelligence Network 2018

In times of imbalance between the supply and demand, the market rates, vessel values and fleet size can fluctuate significantly which is why these drivers may give an estimate of the current or coming market environment.

The compounded annual growth rate in the period 2000 to 2018 was approximately 4.5%. While there is uncertainty in respect of future development, there is reason to believe that a modest growth can be expected, assuming no major setback in global economies. These uncertainties can be driven by government regulations, international regulations, economic instability and other factors that are difficult to predict.

In 2016 and 2017, Chinese imports of coal and iron ore rose more rapidly than expected. The jump in coal imports was mainly driven by lower domestic coal production in China, as a result of new government regulations at the coal mines. The elevated iron ore imports were replacements of falling domestic production, the closure of steel industry blast furnaces and a moderate inventory build-up. In 2017, China raised its dry bulk imports by approximately 8.0 percent year on year (y-o-y), of which coal imports rose approximately 6.0 percent and iron ore rose approximately 4.9 percent.

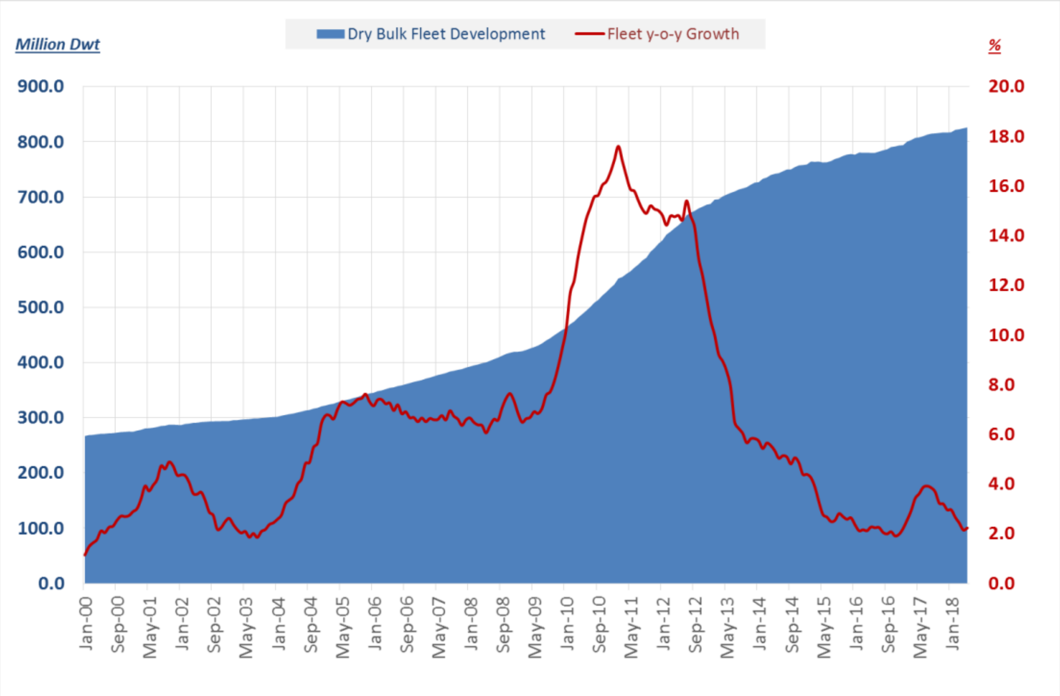
The graph below illustrates historical iron ore and coal imports to China from January 2005 to March 2018:



Source: Clarkson Research Services Limited, Shipping Intelligence Network 2018

There are several factors influencing the supply side of dry bulk shipping, with the most fundamental factors being the orderbook from the shipyards and the amount of ships that are being scrapped each year. The underlying drivers behind how many ships that are being ordered and scrapped at any given time has to do with i) the current fleet size, ii) the age of the fleet, iii) government and international shipping regulations iv) future market expectations and v) other factors that can potentially affect the shipping cycle.

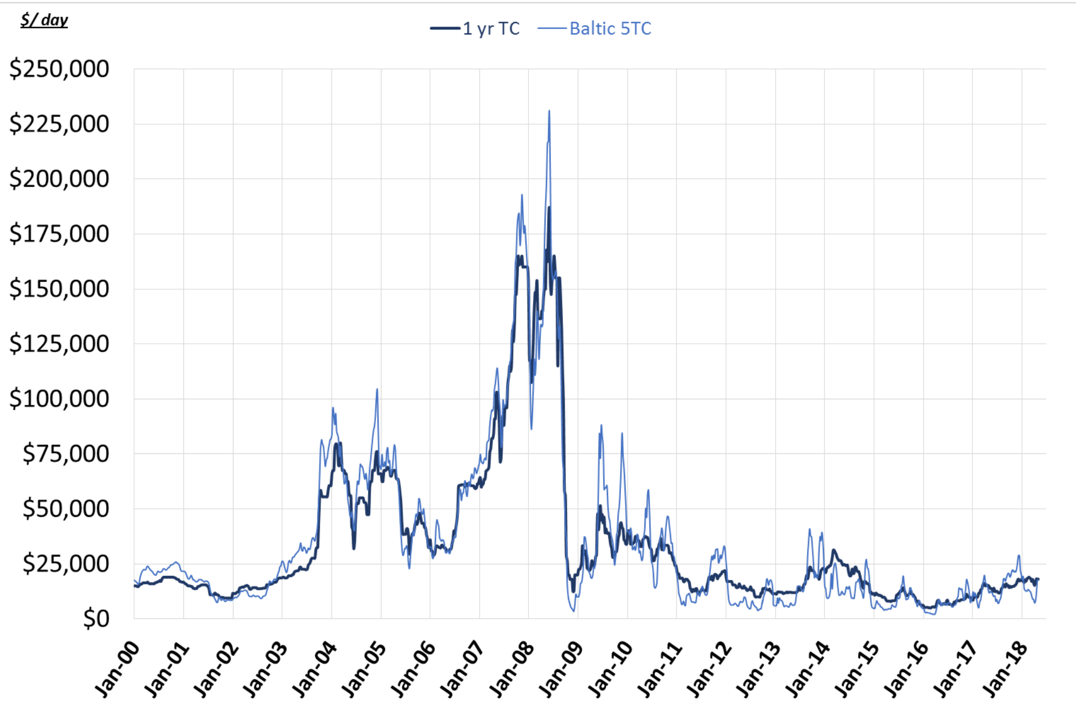
The supply of dry bulk vessels is illustrated in the chart below, showing the development since 2000.



Source: Clarkson Research Services Limited, Shipping Intelligence Network 2018

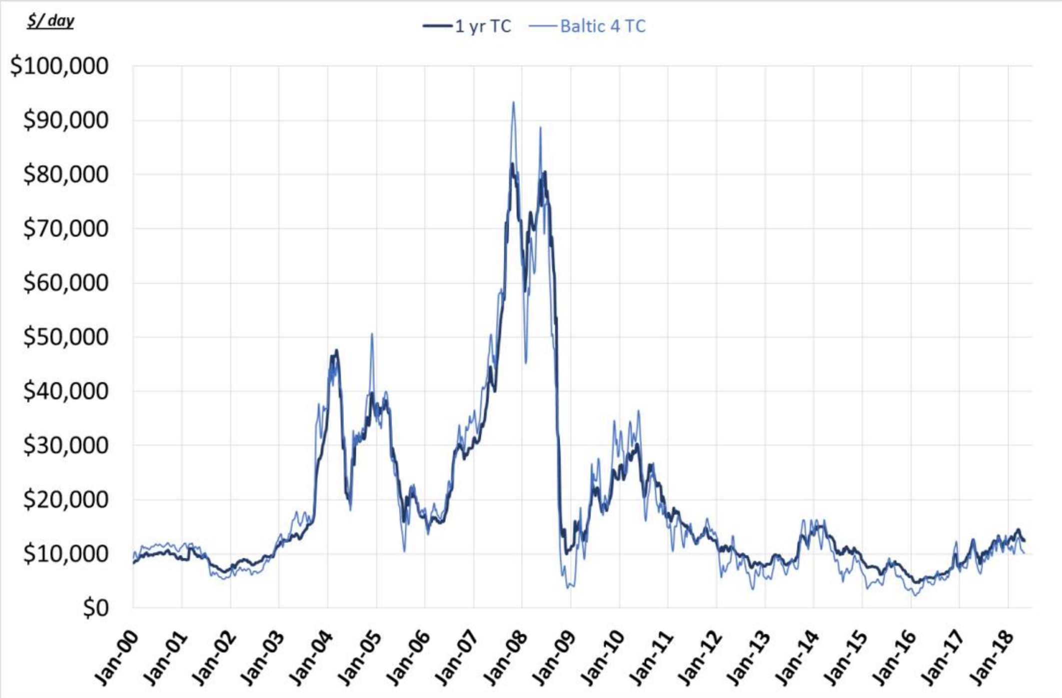
In times of imbalance between demand and supply of dry bulk vessels, the resulting market rates for these vessels can fluctuate very significantly. The below charts illustrate the historical development in rates for capesize, panamax and supramax vessels in a long perspective, showing remarkable spikes in periods when demand has increased ahead of supply.

Capesize Spot and Time Charter Rates



Source: Baltic Exchange, Clarkson Research Services Limited, Shipping Intelligence Network 2018

Panamax Spot and Time Charter Rates



Source: Baltic Exchange, Clarkson Research Services Limited, Shipping Intelligence Network 2018

Supramax Spot and Time Charter Rates

Source: Baltic Exchange, Clarkson Research Services Limited, Shipping Intelligence Network 2018

7.3 Future market expectations

The Company's market belief is that supply of vessels will grow at a slower pace over the next two years, given the low pace of deliveries expected as the current orderbook suggests (i.e. 9.9% of the fleet), while healthy dry bulk demand growth is expected to lead to a supply/demand balance that will be more favourable for ship owners following a period of oversupply. The Company expects a net fleet growth over the next two years between 1.5% -2.5%. The Company's beliefs of stronger dry bulk fundamentals suggest that fleet utilization will be running at a higher rate in 2018 than for 2017. Furthermore, as a result of a higher fleet utilization, the Company expects the positive spot freight levels seen in the second half of 2017 to continue in 2018.

7.4 Competitive position

The Group's business and profitability is dependent on entering into vessel contracts (acquisitions, operations, and sales) in a competitive market, based on bidding procedures against other ship-owning companies with capacities and competences similar to those of the Group. The ownership of dry bulk assets is widely distributed among numerous owners and is considered to be more fragmented than any other sector. The Group's vessels are typically chartered out to three different categories of customers; end users, operators and other owners out of which both operators and other owners can act as a client and a competitor. The Company is not aware of any particular relative competitive advantages or disadvantages compared to other industry participants.

8. CAPITALISATION AND INDEBTEDNESS

This Section provides information about (a) the Company's capitalisation and net financial indebtedness on an actual basis as of 31 March 2018 and (b) in the "As Adjusted" columns, the Company's capitalisation and net financial indebtedness on an adjusted basis to show the estimated effects of the following items only to the Company's capitalisation and net financial indebtedness:

a) scheduled payments under the Company's lease commitments of USD 1.8 million made from 1 April 2018 until 14 May 2018;

b) the prepayment of USD 30.0 million (consisting of USD 28.8 million bank debt and USD 1.2 million capital leases) made on 17 May 2018 to all parties under Company's Supplemental Agreements which consisted of i) an amount of USD 25.9 million representing the excess cash for the quarter ended 31 March 2018, pursuant to the cash sweep mechanism in the Supplemental Agreements, and ii) an additional amount of USD 4.1 million paid to the parties under Company's Supplemental Agreements due to the improved market conditions;

*c) the repayment in full of the USD 34.7 million outstanding indebtedness under the Commerzbank AG ("**Commerzbank**") USD 120.0 million Facility on 3 May 2018 (See "Section 10.5 – Recent Developments");*

d) the incurrence of USD 30.0 million of indebtedness under a credit facility with National Bank of Greece for the refinancing of Commerzbank USD 120.0 million Facility on 3 May 2018 (See "Section 10.5– Recent Developments");

e) the incurrence of USD 30.0 million of capital lease obligations in connection with the delivery of Star Leo on 14 May 2018 (See "Section 10.5– Recent Developments");

f) the incurrence of USD 104.4 million of debt and issuance of USD 45.2 million of equity in the form of 3,304,735 common shares, pursuant to the OCC Transaction and the delivery of the three OCC Vessels.

g) the expected incurrence of USD 310.0 million of debt (consisting of USD 181.7 million bank debt and USD 128.3 million capital leases) and the issuance of USD 140.2 million of equity in the form of 10,525,227 common shares, pursuant to the Augustea Transaction; and

h) the expected incurrence of USD 180.0 million of debt and the issuance of USD 182.9 million of equity in the form of 13,725,000 common shares, pursuant to the Songa Transaction.

Other than these adjustments, there has been no material change in the capitalization from debt or equity issuances since 31 March 2018.

The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 9 "Selected Financial and Operating Information", Section 10 "Operating and Financial Review", and the Company's Financial Statements and the notes related thereto included in Appendix A—Financial Statements to this Prospectus.

8.1 Capitalisation

The following table sets forth information about the Group's unaudited consolidated capitalisation as of 31 March 2018 and adjusted to reflect the above-mentioned material changes:

USD thousands	As of 31 March 2018 (unaudited)		
	Actual	**Adjustment**	**As Adjusted**
Shareholders' equity			
— Share capital and additional paid in capital	2,124,812	368,275[3]	2,493,087
— Other comprehensive income	839	-	839
— Contributed capital surplus, net of retained deficit	(1,028,262)	-	(1,028,262)
Total equity (A)	1,097,389	368,275	1,465,664
— Guaranteed and secured	1,010,258[1]	587,923[4]	1,598,181
— Guaranteed but unsecured	49,072[2]		49,072
— Unguaranteed and unsecured	39,364	-	39,364
Total liabilities (B)	1,098,694	587,923	1,686,617
Total capitalization (A)+(B)	2,196,083	956,198	3,152,281

(1) This amount includes Long term debt, current and non-current portion, net of unamortized debt issuance costs of USD 6.5 million and Lease commitment, short and long term, net of unamortized debt issuance costs of USD 0.03 million.

(2) This amount includes 8.30% 2022 Notes, net of unamortized debt issuance costs of USD 1.9 million and Derivative liability.

(3) This adjustment represents the total equity consideration arising from the Transactions as described in f), g) and h) above and is calculated per transaction based on total consideration deriving from fleet valuation net of assumed debt.

(4) This adjustment derives from debt incurrences net of debt repayments discussed in a), b), c), d), e), f), g) and h) above.

See section 10.7 herein for description of Company's financing arrangements for existing fleet and intended financing /anticipated sources of funds in connection with the Transactions.

8.2 Net Financial Indebtedness

The following table sets forth information about the Group's unaudited net indebtedness as of 31 March 2018 and adjusted to reflect the above-mentioned material change:

USD thousands		As of 31 March 2018 (unaudited)	
	Actual	**Adjustment**	**As Adjusted**
A. Cash and cash equivalents [1]	248,158	(6,797)[2]	241,361
B. Restricted cash [3]	16,158	-	16,158
C. Liquidity (A)+(B)	264,316	(6,797)	257,519
D. Current financial receivables [4]	36,178	-	36,178
E. Current and Non-current Capital lease obligations, net of unamortized issuance costs of USD 0.03 million	296,003	439,730[5]	735,733
F. Current and non-current bank debt, net of unamortized debt issuance costs of USD 6.5 million	714,255	148,193[6]	862,448
G. Other current and non-current financial debt	31,327 [7]	-	31,327
H. 8.3% Notes issued, net of unamortized issuance costs of USD 1.9 million	48,101	-	48,101
I. Total financial debt (E)+(F)+(G)+(H)	1,089,686	587,923	1,677,609
J. Net financial indebtedness (I)-(D)-(C)	789,192	594,720	1,383,912

(1) The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less or from which cash is readily available without penalty, to be cash equivalents. As of 31 March 2018 the Company was required to maintain minimum liquidity, not legally restricted, of USD 52.9 million which is included within "Cash and cash equivalents".

(2) This adjustment derives from debt incurrences net of debt repayments discussed in a), b), c), d) and e) above. In addition this amount includes i) USD35.0 million of additional liquidity/working capital expected through the CMBL Financing of USD 180.0 million pursuant to the closing of the Songa Transaction and ii) the delivery instalment of Star Leo of USD 35.3 million, USD 30.0 million was financed through a bareboat lease as discussed in e) above.

(3) Restricted cash represents minimum cash deposits or cash collateral deposits required to be maintained with certain banks under the Company's borrowing arrangements or derivative contracts, which are legally restricted as to withdrawal or use. In the event that the obligation to maintain such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets. Otherwise, they are classified as non-current assets. As of March 31, 2018, the Company was required to maintain minimum liquidity, legally restricted, of USD16.2 million, which is included within "Restricted cash".

(4) Current financial receivables include Trade accounts receivable, Prepaid expenses and other receivables, Other current assets, Due from related parties and Derivative assets.

(5) This adjustment derives from capital lease incurrences net of repayments discussed in a), e), f), h) above and the lease component discussed in g) and b) above.

(6) This adjustment derives from debt incurrences net of repayments discussed in c), d) and the debt component discussed in g) and b) above.

(7) Other current and non-current financial debt includes Due to related parties, Due to managers, Trade accounts payable, Derivative liability and Accrued liabilities. It excludes Deferred revenue and Other non-current liabilities.

Other than these adjustments, there has been no material change in the Company's Net Financial Indebtedness since 31 March 2018.

8.3 Indirect and Contingent Indebtedness

As at 31 March 2018 and as at the date of the Prospectus, the Group did not have any contingent or indirect indebtedness.

8.4 Working Capital Statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements and for the period covering at least 12 months from the date of this Prospectus.

9. SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

The following selected financial information has been extracted from the Group's audited financial statements as of and for the years ended 31 December 2017, 2016 and 2015 and the Group's unaudited interim financial statements for the three months ended 31 March 2018 and 2017, which are included in Appendix A—Financial Statements to this Prospectus. The audited financial statements have been prepared in accordance with US GAAP. This Section should be read together with Section 10 "Operating and Financial Review".

Based on the facts and circumstances of the Transactions, neither of the Transactions constitutes "a significant gross change" (relative to the size of the Company). Further, the vessels that will be acquired through the Transactions have not been subject to separate financial reporting. The Company therefore consider the financial information of Songa, Augustea and OCC to be of limited relevance for an understanding of the Company's prospect and such information will hence not be included in the Prospectus. For further information, see Section 9.6

9.1 Selected Statement of operations Information

The table below sets out a summary of the Group's audited statement of operations and statement of comprehensive income/(loss) information for the years ended 31 December 2017, 2016 and 2015, and the Group's unaudited interim statement of operations and statement of comprehensive income/(loss) for the three months ended 31 March 2018 and 2017.

CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands of U.S. Dollars, except per share and share data)

	Years ended 31 December (audited)			Three months ended 31 March (unaudited)	
	2015	**2016**	**2017**	**2017**	**2018**
Voyage revenues	234,035	221,987	331,976	64,866	121,057
Management fee income	251	119	-	-	-
	234,286	222,106	331,976	64,866	121,057
Voyage expenses	72,877	65,821	64,682	14,999	22,695
Charter-in hire expenses	1,025	3,550	5,325	855	16,470
Vessel operating expenses	112,796	98,830	101,428	24,415	26,273
Dry docking expenses	14,950	6,023	4,262	1,392	1,120
Depreciation	82,070	81,935	82,623	19,645	21,168
Management fees	8,436	7,604	7,543	1,814	1,930
General and administrative expenses	23,621	24,602	30,955	8,032	7,319
(Gain)/ Loss on forward freight agreements) and bunker swaps	-	(411)	841	797	812
Impairment loss	321,978	29,221	-	-	-
Loss on time charter agreement termination	2,114	-	-	-	-
Other operational loss	-	503	989	-	-
Other operational gain	(592)	(1,565)	(2,918)	(2,166)	(5)
(Gain)/ Loss on sale of vessel	20,585	15,248	(2,598)	369	-
	659,860	331,361	293,132	70,152	97,782
Operating income / (loss)	(425,574)	(109,255)	38,844	(5,286)	23,275
Interest and finance costs	(29,661)	(41,217)	(50,458)	(11,141)	(14,273)

Interest and other income	1,090	876	2,997	620	893
(Loss) / gain on derivative instruments, net	(3,268)	(2,116)	246	247	(1)
Loss on debt extinguishment	(974)	(2,375)	(1,257)	(358)	-
Total other expenses, net	(32,813)	(44,832)	(48,472)	(10,632)	(13,381)
Income/ (Loss) Before Equity in Income of Investee	(458,387)	(154,087)	(9,628)	(15,918)	9,894
Equity in income of investee	210	126	93	33	6
Income / (Loss) before taxes	(458,177)	(153,961)	(9,535)	(15,885)	9,900
Income taxes	-	(267)	(236)	(65)	-
Net income / (loss)	(458,177)	(154,228)	(9,771)	(15,950)	9,900
Earnings / (loss) per share, basic	(11.71)	(3.24)	(0.16)	(0.26)	0.15
Earnings / (loss) per share, diluted	(11.71)	(3.24)	(0.16)	(0.26)	0.15
Weighted average number of shares outstanding, basic	39,124,673	47,574,454	63,034,394	61,027,878	64,107,324
Weighted average number of shares outstanding, diluted	39,124,673	47,574,454	63,034,394	61,027,878	64,303,356

Consolidated Statements of Comprehensive Income/ (Loss) for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March, 2018 and 2017

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

USD	**Year ended 31 December**			**The three months ended 31 March (unaudited)**	
	2015	2016	2017	2018	2017
Net income / (loss)	**(458,177)**	**(154,228)**	**(9,771)**	**9,900**	**(15,950)**
Other comprehensive income / (loss):					
Unrealized gains / losses from cash flow hedges:					
Unrealized gain / (loss) from hedging interest rate swaps recognized in Other comprehensive income/(loss) before reclassifications	(5,047)	(372)	47	97	28
Less:					
Reclassification adjustments of interest rate swap loss	4,209	1,294	852	137	249
Other comprehensive income / (loss)	**(838)**	**922**	**899**	**234**	**277**
	USD	**USD**	**USD**	**USD**	**USD**
Comprehensive income / (loss)	**(459,015)**	**(153,306)**	**(8,872)**	**10,134**	**(15,673)**

9.2 Selected Balance Sheet Information

The table below sets out a summary of the Group's audited balance sheet information as of 31 December 2017, 2016 and 2015 and unaudited balance sheet information as of 31 March 2018.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

	As of 31 December (audited)			As of 31 March (unaudited)
	2015	**2016**	**2017**	**2018**
Cash and cash equivalents	208,056	181,758	257,911	248,158
Total current assets	252,058	228,466	312,626	311,219
Advances for vessels under construction and vessel acquisition	127,910	64,570	48,574	17,028
Vessels and other fixed assets, net	1,757,552	1,707,209	1,775,081	1,858,347
Total fixed assets	1,885,462	1,771,779	1,823,655	1,875,375
Total assets	2,148,846	2,011,702	2,145,764	2,196,083
Current portion of long-term debt and short term lease commitments	131,631	6,235	189,306	147,525
Total current liabilities	166,949	28,119	219,274	187,237
Total long-term debt including long term lease commitments, excluding current portion, net of unamortized deferred finance fees	795,267	896,332	789,878	862,733
8.00% Senior Notes due 2019 Notes and 8.30% Senior Notes due 2022 Notes, net of unamortized deferred finance fees	48,323	48,757	48,000	48,101
Total liabilities	1,013,488	974,472	1,057,712	1,098,694
Common stock	438	566	642	642
Stockholders' equity	1,135,358	1,037,230	1,088,052	1,097,389
Total liabilities and stockholders' equity	2,148,846	2,011,702	2,145,764	2,196,083

9.3 Selected Changes in Equity Information

The tables below sets out a summary of the Group's audited changes in equity information for the years ended 31 December 2017, 2016 and 2015, and the Group's unaudited financial information for the three months ended March 2018 and 2017.

Consolidated Statements of Stockholders' Equity for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March, 2018 and 2017

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

	Common Stock					
	# of Shares	Par Value	Additional Paid- in Capital	Accumulated Other Comprehensive income/(loss)	Accumulated deficit	Total Stockholder's Equity
BALANCE, January 1, 2015	**21,885,219**	**218**	**1,568,589**	**(378)**	**(414,127)**	**1,154,302**
Net income / (loss)	-	-	-	-	(458,177)	(458,177)
Other comprehensive income / (loss)	-	-	-	(838)	-	(838)
Amortization of stock-based compensation	-	-	2,684	-	-	2,684
Issuance of shares for commission to Oceanbulk Maritime	34,234	-	282	-	-	282
Issuance of common stock Excel Transactions (	851,577	9	19,299	-	-	19,308
Issuance of common stock	21,050,084	211	417,586	-	-	417,797
BALANCE, December 31, 2015	**43,821,114**	**438**	**2,008,440**	**(1,216)**	**(872,304)**	**1,135,358**
Net income / (loss)	-	-	-	-	(154,228)	(154,228)
Other comprehensive income / (loss)	-	-	-	922	-	922
Issuance of vested and non-vested shares and amortization of stock-based compensation	692,595	7	4,159	-	-	4,166
Issuance of shares for commission to Oceanbulk Maritime (	138,453	1	733	-	-	734
Issuance of common stock	11,976,745	120	50,158	-	-	50,278
BALANCE, December 31, 2016	**56,628,907**	**566**	**2,063,490**	**(294)**	**(1,026,532)**	**1,037,230**
Net income / (loss)	-	-	-	-	(9,771)	(9,771)
Other comprehensive income / (loss)	-	-	-	899	-	899
Issuance of vested and non-vested shares and amortization of stock-based compensation	1,220,825	13	9,254	-	-	9,267
Issuance of common stock	6,310,272	63	50,364	-	-	50,427
BALANCE, December 31, 2017	**64,160,004**	**642**	**2,123,108**	**605**	**(1,036,303)**	**1,088,052**

	Common Stock					
	# of Shares	Par Value	Additional Paid- in Capital	Accumulated Other Comprehensive income/(loss)	Accumulated deficit	Total Stockholder's Equity
BALANCE, January 1, 2017	**56,628,907**	**566**	**2,063,490**	**(294)**	**(1,026,532)**	**1,037,230**
Net income / (loss)	-	-	-	-	(15,950)	(15,950)
Other comprehensive income / (loss)	-	-	-	277	-	277
Issuance of vested and non-vested shares and amortization of stock-based compensation	474,600	5	2,645	-	-	2,650
Issuance of common stock	6,310,272	63	50,534	-	-	50,597
BALANCE, March 31, 2017	**63,413,779**	**634**	**2,116,669**	**(17)**	**(1,042,482)**	**1,074,804**
BALANCE, January 1, 2018	**64,160,004**	**642**	**2,123,108**	**605**	**(1,036,303)**	**1,088,052**
Cumulative effect of accounting change	-	-	-	-	(1,859)	(1,859)
Net income / (loss)	-	-	-	-	9,900	9,900
Other comprehensive income / (loss)	-	-	-	234	-	234
Amortization of stock-based compensation	-	-	1,062	-	-	1,062
BALANCE, March 31, 2018	**64,160,004**	**642**	**2,124,170**	**839**	**(1,028,262)**	**1,097,389**

9.4 Selected Cash Flow Information

The table below sets out a summary of the Group's audited cash flow information for the years ended 31 December 2017, 2016 and 2015 and the three months ended 31 March 2018 and 2017.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

	Years ended December 31,			For the three months ended 31 March (unaudited)	
	2015	**2016**	**2017**	**2017**	**2018**
Cash Flows from Operating Activities:					
Net income / (loss)	(458,177)	(154,228)	(9,771)	(15,950)	9,900
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:					
Depreciation	82,070	81,935	82,623	19,645	21,168
Amortization of fair value of above market acquired time charters	9,540	254	-	-	-

Amortization of debt issuance costs	2,732	2,855	2,660	641	676
Loss on debt extinguishment	974	2,375	1,257	358	-
Impairment loss	321,978	29,221	-	-	-
Loss / (gain) on sale of vessels	20,585	15,248	(2,598)	369	-
Stock-based compensation	2,684	4,166	9,267	2,650	1,062
Non-cash effects of derivative financial instruments	(121)	(4,182)	(1,821)	(975)	(388)
Loss on time-charter agreement termination	2,114	-	-	-	-
Change in fair value of forward freight derivatives	-	(41)	(36)	714	917
Other non-cash charges	38	112	144	21	63
Amortization of deferred gain	(22)	(75)	(52)	(18)	-
Write-off of claim receivable	-	225	-	-	-
Gain on hull and machinery claim	-	(1,472)	(456)	-	-
Equity in income of investee	(210)	(126)	(93)	(33)	(6)
Changes in operating assets and liabilities:					
(Increase)/Decrease in:					
Trade accounts receivable	13,876	(1,683)	(5,949)	(2,122)	(4,726)
Inventories	121	(184)	(4,811)	(519)	200
Prepaid expenses and other current assets	(8,497)	3,142	(43)	(77)	(4,236)
Due from related parties	(964)	287	745	690	(16)
Due from managers	-	(1,430)	1,430	1,430	-
Increase/(Decrease) in:					
Accounts payable	(5,276)	(4,236)	4,709	(897)	3,981
Due to related parties	(1,744)	(66)	(127)	(222)	(59)
Accrued liabilities	1,465	(2,633)	(863)	(635)	(767)
Due to managers	2,291	(2,291)	1,420	907	3,794
Deferred revenue	(35)	(405)	5,169	352	19
Net cash provided by / (used in) Operating Activities	(14,578)	(33,232)	82,804	6,329	31,582
Cash Flows from Investing Activities:					
Advances for vessels under construction and acquisition of vessels and other assets	(473,917)	(396,154)	(143,684)	(102,872)	(71,317)
Cash proceeds from vessel sales	70,300	380,193	15,153	7,656	-
Proceeds from cancellation of vessels under construction	5,800	-	-	-	-
Hull and machinery insurance proceeds	309	2,536	1,430	-	51
Net cash provided by / (used in) Investing Activities	(397,508)	(13,425)	(127,101)	(95,216)	(71,266)
Cash Flows from Financing Activities:					
Proceeds from bank loans and	373,993	151,763	160,780	79,937	69,984

capital leases					
Loan prepayments and repayments	(244,529)	(181,201)	(86,262)	(2,982)	(39,484)
Financing fees paid	(13,094)	(474)	(2,910)	(110)	-
Proceeds from issuance of common stock	418,771	50,589	51,454	51,454	-
Offering expenses paid related to the issuance of common stock	(974)	(311)	(1,027)	(857)	-
Net cash provided by / (used in) Financing Activities	534,167	20,366	122,035	127,442	30,500
Net increase/(decrease) in cash and cash equivalents and restricted cash	122,081	(26,291)	77,738	38,555	(9,184)
Cash and cash equivalents and restricted cash at beginning of period	99,972	222,053	195,762	195,762	273,500
Cash and cash equivalents and restricted cash at end of period	222,053	195,762	273,500	234,317	264,316

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (230): Restricted Cash". The amendments in this Update require that a statement of cash flows explain the change during the period in the total amount of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Restricted cash represents minimum cash deposits or cash collateral deposits required to be maintained with certain banks under the Company's borrowing arrangements or derivative contracts, which are legally restricted as to withdrawal or use. In the event that the obligation to maintain such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets. Otherwise, they are classified as non-current assets. The Company adopted this accounting standard on January 1, 2018 and therefore applied its provisions retrospectively for all periods presented. As a result an net cash provided by/(used in) operating activities and net cash provided by / (used in) investing activities for the three years ended December 31, 2017, 2016 and 2015 have been revised compared to that included in the cash flow statements of the audited consolidated financial statements included elsewhere herein, in order to remove the effect of increases or decreases in restricted cash during the corresponding periods.

9.5 Other Selected Financial and Operating Information

The table below sets out certain other unaudited key financial and operating information for the Company on a consolidated basis for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2017 and 2018.

	Years ended 31 December			**Three months ended 31 March**	
	2015	**2016**	**2017**	**2017**	**2018**
EBITDA (1)	(333,776)	(27,015)	121,508	14,374	44,449
Adjusted EBITDA (1)	13,375	21,678	128,048	18,074	46,422
TCE (2)	7,042	6,208	10,393	8,156	12,586

(1) The Company considers EBITDA to represent net income before interest, income taxes, depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operating activities, as determined by United States generally accepted accounting principles, or U.S. GAAP, and the Company's calculation of EBITDA may not be comparable to that reported by other companies. EBITDA is included herein because it is a basis upon which the Company assess' its liquidity position, because it is a measure used by the Company's lenders as a measure of its compliance with certain loan covenants and because the Company believes that it presents useful information to investors regarding the Company's ability to service and/or incur indebtedness. To derive Adjusted EBITDA from EBITDA and Adjusted Net income/(loss) from Net income/(loss), the Company excludes certain gains/losses such as those related to sale of vessels, stock-based compensation expense, the write-off of the unamortized fair value of above-market acquired time charters, impairment losses, the write-off of claims receivable, change in fair value of forward freight agreements and bunker swaps and the equity in income/(loss) of investee. The Company excluded the items described above when deriving Adjusted EBITDA and Adjusted Net income/(loss) because the Company believes that these items do not reflect the ongoing operational cash inflows and outflows of the Company's fleet.

(2) Represents the weighted average daily TCE rates of the Company's entire fleet. TCE rate is a measure of the average daily revenue performance of a vessel on a per voyage basis. The Company's method of calculating TCE rate is determined by dividing voyage revenues (net of voyage expenses, charter-in hire expense and amortization of fair value of above/below market acquired time charter agreements) by Available days for the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract, as well as commissions. TCE rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types (i.e., voyage charters, time charters and bareboat charters) under its vessels may be employed between the periods. The Company included TCE revenues, a non-GAAP measure, as it provides additional meaningful information in conjunction with voyage revenues, the most directly comparable GAAP measure, and it assists the Company's management in making decisions regarding the deployment and use of the Company's operating vessels and in evaluating the Company's financial performance. The above reported TCE rates for the periods reported above, are calculated excluding Star Logistics that was recently formed, in October 2017, as further discussed elsewhere herein. Until the volume of business and activity of Star Logistics is normalized, it is considered to be in a start-up phase and accordingly is excluded from monitoring of the on-going performance of the Company through the TCE rate. The Company's calculation of TCE rate may not be comparable to that reported by other companies.

The table below sets out the reconciliation of the above unaudited key financial and operating information for the Company on a consolidated basis for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2017 and 2018.

EBITDA and Adjusted EBITDA

	Years ended 31 December			**Three months ended 31 March**	
	2015	**2016**	**2017**	**2017**	**2018**
(Expressed in thousands of U.S. dollars)					
Net cash provided by/(used in) operating activities	(14,578)	(33,448)	80,970	6,329	31,582
Net decrease / (increase) in current assets	(4,536)	84	10,462	598	8,778
Net increase / (decrease) in operating liabilities, excluding current portion of long term debt	3,261	9,519	(10,452)	474	(7,031)
Impairment loss	(321,978)	(29,221)	-	-	-
Loss on debt extinguishment	(974)	(2,375)	(1,257)	(358)	-

Stock – based compensation	(2,684)	(4,166)	(9,267)	(2,650)	(1,062)
Amortization of deferred finance charges	(2,732)	(2,855)	(2,660)	(641)	(676)
Unrealized and accrued gain/(loss) on derivative financial instruments	121	4,182	1,821	975	388
Change in fair value of forward freight agreements and bunker swaps	-	41	36	(714)	(917)
Total other expenses, net	32,813	44,832	48,472	10,632	13,381
Gain on hull and machinery claims	-	1,472	456	-	
Write-off of claim receivable	-	(225)	-	-	
Income tax	-	267	236	65	-
Gain/(Loss) on sale of vessel	(20,585)	(15,248)	2,598	(369)	-
Non-cash gain/loss on time charter agreement termination	(2,114)	-	-	-	
Equity in income/(loss) of investee	210	126	93	33	6
EBITDA	(333,776)	(27,015)	121,508	14,374	44,449
Less:					
Equity in income of investee	(210)	(126)	(93)	(33)	(6)
Change in fair value of forward freight agreements and bunker swaps	-	(41)	(36)	-	-
Gain on sale of vessel	-	-	(2,598)	-	-
Plus:					
Stock-based compensation	2,684	4,166	9,267	2,650	1,062
Write-off of claim receivable	-	225	-	-	-
Impairment loss	321,978	29,221	-	-	-
Loss on sale of vessel	20,585	15,248	-	369	-
Change in fair value of forward freight agreements and bunker swaps	-	-	-	714	917
Non-cash gain/loss on time charter agreement termination	2,114	-	-	-	-
Adjusted EBITDA	13,375	21,678	128,048	18,074	46,422

TCE Reconciliation

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

	Years ended 31 December			**Three months ended 31 March**	
	2015	**2016**	**2017**	**2017**	**2018**
Voyage revenues	234,035	221,987	327,892	64,866	97,955
Less:					
Voyage expenses	(72,877)	(65,821)	(63,034)	(14,999)	(16,358)
Charter-in hire expenses	(1,025)	(3,550)	(2,197)	(855)	-
Amortization of fair value of below/above market acquired	9,540	254	-	-	-

time charter agreements					
Time Charter equivalent revenues	169,673	152,870	262,661	49,012	81,597
Available days for fleet	24,096	24,623	25,272	6,009	6,483
Daily Time Charter Equivalent Rate ("TCE")	7,042	6,208	10,393	8,156	12,586

9.6 The Transactions

The Songa Transaction is and will be accounted for as an acquisition of assets, which do not constitute a business. The assets to be acquired have hence not been subject to separate financial reporting, and the financial information available from the relevant SPVs are not considered relevant. The assets will be recorded at costs and related transaction costs are capitalized.

In the Augustea Transaction, the Company will acquire vessels through an acquisition of single purpose companies, "SPVs", each of which holds ownership to one or more vessels. The acquisition will however be accounted for in Star's financial statements as an asset acquisition pursuant to the relevant US GAAP accounting guidance (ASC 805-10-55-5A). The accounting conclusion is reached on the basis that, following a pre-agreed reorganization to be completed by the seller, the SPVs will only be left with the target vessels and the attached to these vessels, chartering contacts, if any, as well as their debt obligations that these vessels are mortgaged to. All other assets and liabilities that existed as of 31 December 2017 and until signing of the purchase agreement will be transferred to the seller's group, settled or extinguished. Therefore "substantially all of the fair value of the gross assets acquired at closing will be concentrated in a single identifiable asset or group of similar identifiable assets" which is what ASC 805-10-55-5A requires so that the acquisition is treated as an asset acquisition.

The historical financial information of the acquired Augustea SPVs, including the historical total assets and the historical income statement elements are not indicative of the assets acquired in the Augustea Transaction, as they include or are related to other assets and/or liabilities that will not be part of the acquired assets, or they reflect the past performance of these vessels which is not indicative of their future financial performance deriving from different management strategy and operating processes. Further, the historical financial statement of the acquired SPVs are prepared based on General Accounting Principles for Small and Medium-sized Entities and not US GAAP. On this basis, such financial statements are not considered relevant.

The same applies to the OCC Transaction where the Company has acquired the newbuilding contracts through an acquisition of the single purpose companies each of which holds ownership to one newbuilding vessel. The acquisition will also be recorded as acquisition of assets with the cost of the three newbuilding contracts acquired being reflected as advance for newbuilding vessels under non-current assets. The historical financial information of the acquired OCC SPVs, including the historical total assets are not indicative of the assets acquired in the OCC Transaction, as they include different historical cost compared to the acquisition cost to be paid by the Company upon closing for these assets. Consistent with shipping industry practice, other than inspection of the physical condition of the vessels and examinations of classification society records, there is no historical financial due diligence process when we acquire vessels. Accordingly, the Company does not obtain the historical operating data for the vessels from the sellers because that information is not material to its decision to make vessel acquisitions, nor do the Company believe it would be helpful to potential investors in the Company's shares in assessing its business or profitability.

10. OPERATING AND FINANCIAL REVIEW

This operating and financial review should be read together with Section 9 "Selected Financial Information" and the financial statements which are included in Appendix A—"Financial Statements" to this Prospectus. The following discussion contains Forward-looking statements that reflect the Company's plans and estimates. Factors that could cause or contribute to differences to these Forward-looking Statements include those discussed in Section 2 "Risk Factors", see also Section 4.1 "General Information—Cautionary Note Regarding Forward-Looking Statements".

10.1 Introduction

The Company is an international shipping company with extensive operational experience that on a fully delivered basis, upon completion of the Transactions, will own and operate a fleet of 108 dry bulk carrier vessels. The fleet consists primarily of Newcastlemax, Capesize, Post Panamax, Kamsarmax, Panamax, Ultramax and Supramax vessels. The Company's vessels transport a broad range of major and minor bulk commodities, including ores, coal, grains and fertilizers, along worldwide shipping routes.

The main currency of the Company is USD and normally all revenues and expenses are in USD.

The Company prepares its consolidated financial statements in USD and in accordance with US GAAP.

10.2 Basis for preparation of financial information

Critical Accounting Policies

The Company makes certain estimates and judgments in connection with the preparation of its consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of its consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. The Company has described below what it believes are the most critical accounting policies that involve a high degree of judgment and the methods of their application. For a description of all of its significant accounting policies, see Note 2 (Significant Accounting Policies) to its consolidated financial statements included herein for more information.

Impairment of long-lived assets: The Company follows guidance related to the impairment or disposal of long-lived assets, which addresses financial accounting and reporting for such impairment or disposal. The standard requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The guidance calls for an impairment loss when the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use and eventual disposition of the asset is less than its carrying amount to the extent that their carrying amount is higher than their fair market value. The impairment loss is determined by the difference between the carrying amount of the asset and the fair value of the asset. The Company determines the fair value of its assets based on management estimates and assumptions and by making use of available market data and taking into consideration agreed sale prices and third-party valuations. In this respect, management regularly reviews the carrying amount of each vessel, including newbuilding contracts, when events and circumstances indicate that the carrying amount of a vessel or a new building contract might not be recoverable (such as vessel sales and purchases, business plans, obsolesce or damage to the asset and overall market conditions).

When impairment indicators are present, the Company determines if the carrying value of each asset is recoverable by comparing (A) the undiscounted cash flows for each asset, using the Value-In-Use method, to (B) the carrying values for such asset. Management's subjective judgment is required in making assumptions and estimates used in forecasting future operating results for this calculation. Such judgment is based on current market conditions, historical industry's and Company's specific trends, as well as expectations regarding future charter rates, vessel operating expenses, vessels' residual value and fleet utilization over the remaining useful life of the vessel, which is assumed to be 25 years from its delivery from the shipyard. These estimates are also consistent with the plans and forecasts used by the management to conduct the Company's business.

The undiscounted projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed vessel days and an estimated daily time charter equivalent rate for the unfixed days over the estimated remaining economic life of each vessel, net of brokerage and address commissions. Estimates of the daily time charter equivalent for the unfixed days are based on the current Forward Freight Agreement ("**FFA**") rates, for the first three-year period, and historical average rate levels of similar size vessels for the period thereafter. The expected cash inflows from charter revenues are based on an assumed fleet utilization rate of approximately 98% for the unfixed days, also taking into account expected technical off-hire days. In assessing expected future cash outflows, management forecasts vessel operating expenses, which are based on its internal budget for the first annual period, and thereafter assume an annual inflation rate of up to 3% (escalating to such level during the first three-year period and capped at the tenth year), as well as vessel expected maintenance costs (for dry docking and special surveys). The estimated salvage value of each vessel is USD 300 per light weight ton, in accordance with its vessel depreciation policy. The Company uses a probability weighted approach for developing estimates of future cash flows used to test its vessels for recoverability when alternative courses of action are under consideration (i.e. sale or continuing operation of a vessel). If its estimate of undiscounted future cash flows for any vessel is lower than the vessel's carrying value, the carrying value is written down to the vessel's fair market value with a charge recorded in earnings.

Using the framework for estimating projected undiscounted net operating cash flows described above, the Company completed its impairment analysis for the years ended December 31, 2015, 2016 and 2017, for those operating vessels and newbuildings whose carrying values were above their respective market values. For the year ended 31 December 2017, no asset impairment was necessary. An impairment loss of USD 321,978 and USD 29,221 was recognized for the years ended 31 December 2015 and 2016, respectively, which resulted primarily from its actual and intended vessel sales are further described elsewhere herein.

With reference to the valuation report attached as Appendix D to this Prospectus, the fair value as of 18 June 2018 on the Company's vessels (that were owned by the Group as of 31 December 2017) are for some of the vessels below the corresponding carrying value as of 31 December 2017 included in the Company's latest annual audited consolidated financial statements. The Company, however, did not impair those vessels' carrying value under its accounting impairment policy, due to its belief that future undiscounted cash flows expected to be earned by such vessels over their operating lives would exceed such vessels' carrying amounts. The aggregate difference between the carrying value of these vessels and their market value of approximately USD 280 million represents the amount by which the Company believes it would have to reduce its net income if the Company sold these vessels in the current environment, on industry standard terms, in cash transactions, and to a willing buyer where it is not under any compulsion to sell, and where the buyer is not under any compulsion to buy. For purposes of this calculation, the Company has assumed that the vessels would be sold at a price that reflects their charter-free market values as of 18 June 2018 as presented in the valuation report included elsewhere herein. However, the Company is not holding its vessels for sale. The Company's estimates of charter-free market value assume that its vessels are all in good and seaworthy condition without need for repair and if inspected would be certified in class without notations of any kind. The estimates of charter-free market value are inherently uncertain. In addition, vessel values are highly volatile; as such, the Company's estimates may not be indicative of the current or future charter-free market value of its vessels or prices that the Company could achieve if it was to sell them.

Although the Company believes that the assumptions used to evaluate potential asset impairment are based on historical trends and are reasonable and appropriate, such assumptions are highly subjective. To minimize such subjectivity, the Company's analysis for the year ended 31 December 2017, also involved sensitivity analysis to the model inputs it believes are more important and likely to change. In particular, the Company modified the utilization ratio of each vessel, in order to account for the effect of increased idle time of vessels under a weak market environment. In addition, in terms of the Company's estimates for the charter rates for the unfixed period, it considers that the FFA as of 31 December 2017, which is applied in its model for the first three years period, approximates the levels of charters rates at which the Company could fix all of its unfixed vessels currently should management opted for a fully hedged chartering strategy over the next three years. The Company, however, sensitized its model with regards to freight rate assumptions for the unfixed period beyond the first three years. The Company's sensitivity analysis revealed that, to the extent the historical rates would not decline by more than a range of 20% to 56%, depending on the vessel, or the utilization rate would not be reduced by more than a range of 16% to 62%, it would not require to recognize additional impairment.

Vessel Acquisitions and Depreciation: The Company records the value of its vessels at their cost (which includes acquisition costs directly attributable to the vessel and delivery expenditures, including pre-delivery expenses and expenditures made to prepare the vessel for its initial voyage) less accumulated depreciation. The Company depreciates its vessels on a straight-line basis over their estimated useful lives, after considering the estimated salvage value. The Company estimates the useful life of its vessels to be 25 years from the date of initial delivery from the shipyard, with secondhand vessels depreciated from the date of their acquisition through their remaining estimated useful life. Effective 1 January 2015, and following management's reassessment of the residual value of its vessels, the estimated scrap value per light weight tonnage was increased from USD 200 to USD 300. The current value of USD 300 is based on the historical average demolition prices prevailing in the market. The effect of this change in accounting estimate, which pursuant to Accounting Standards Codification ("ASC") 250, "Accounting Changes and Error Corrections" was applied in the Company's financial statements prospectively and did not require retrospective application, was to decrease the depreciation expense and the net loss for the year ended 31 December 2015, by USD 6.3 million, or USD 0.16 loss per basic and diluted share.

An increase in the useful life of a vessel or in its residual value would have the effect of decreasing the annual depreciation and extending it into later periods. A decrease in the useful life of a vessel or in its residual value would have the effect of increasing the annual depreciation and accelerating it into earlier periods. A decrease in the useful life of the vessel may occur as a result of poor vessel maintenance, harsh ocean going and weather conditions, or poor quality of shipbuilding. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted to end at the date such regulations preclude such vessel's further commercial use. Weak freight market rates result in owners scrapping more vessels, and scrapping them earlier in their lives due to the unattractive returns. An increase in the useful life of the vessel may occur as a result of superior vessel maintenance performed, favourable ocean going and weather conditions, superior quality of shipbuilding, or high freight market rates, which result in owners scrapping the vessels later in their lives due to the attractive cash flows.

Fair value of above/below market acquired time charter: If time charters are assumed when vessels are acquired, the Company values any asset or liability arising from the market value of the time charters. The value of above- or below-market acquired time charters is determined by comparing existing charter rates in the acquired time charter agreements with the market rates for equivalent time charter agreements prevailing at the time the foregoing vessels are delivered. Such intangible assets or liabilities are recognized rateably as adjustments to revenues over the remaining term of the assumed time charter.

Trade accounts receivable, net: The amount shown as trade accounts receivable, at each balance sheet date, includes estimated receivables from customers net of any provision for doubtful debts. At each balance sheet date, the Company provides for doubtful accounts on the basis of identified doubtful receivables.

Derivatives: The Company designates its derivatives based upon guidance on accounting for derivative instruments and hedging activities, which establishes accounting and reporting standards for derivative instruments. The guidance on accounting for certain derivative instruments and certain hedging activities requires all derivative instruments to be recorded on the balance sheet as either an asset or liability measured at its fair value, with changes in fair value recognized in earnings, unless specific hedge accounting criteria are met.

Hedge Accounting: If the instruments are eligible for hedge accounting, at the inception of a hedge relationship, we formally designate and document the hedge relationship to which we wish to apply hedge accounting and the risk management objective and strategy undertaken for the hedge. The documentation includes identification of the hedging instrument, hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting exposure to changes in the hedged item's cash flows attributable to the hedged risk. Hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine whether they actually have been highly effective throughout the financial reporting periods for which they were designated. Contracts that meet the strict criteria for hedge accounting are accounted for as cash flow hedges. A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction that could affect profit or loss. For derivatives designated as cash flow hedges, the effective portion of the changes in their fair value is recorded in Accumulated other comprehensive income/(loss) in equity and is subsequently recognized in earnings, under "Interest and finance costs" when the hedged items impact earnings, while any ineffective portion, if any, is recognized immediately in current period earnings under "Gain / (Loss) on derivative financial instruments, net." The changes in the fair value of derivatives not qualifying for hedge accounting are recognized in earnings. The Company discontinues cash flow hedge accounting if the hedging instrument expires, is sold, terminated or exercised and/or it no longer meets all the criteria for hedge accounting, or if it will discontinue cash flow hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity remains in equity until the forecasted transaction occurs or until it becomes probable of not occurring. When the forecasted transaction occurs, any cumulative gain or loss on the hedging instrument is recognized in earnings. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is reclassified to earnings. Only four out of the Company's nine interest rate swaps were designated as accounting hedges during the years ended 31 December 2016 and 2017 and for the period from 1 April 2015 through 31 December 2015. The Company's FFAs and bunker swaps do not qualify for hedge accounting.

Revenue from Contracts with Customers ("Topic 606")

As further described in (Note 2t) of the Company's consolidated financial statements included in its 2017 annual report, the Company generates its revenues from charterers for the charterhire of its vessels under time charter agreements, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate, or voyage charter agreements, where a contract is made in the spot market for the use of a vessel for a specific voyage at a specified freight rate per ton.

Under time charter agreements, voyage costs, such as fuel and port charges are borne and paid by the charterer. The Company's time charter agreements are classified as operating leases. Revenues under operating lease arrangements are recognized when a charter agreement exists, the charter rate is fixed and determinable, the vessel is made available to the lessee and collection of the related revenue is reasonably assured. Revenues are recognized rateably on a straight line basis over the period of the respective charter agreement in accordance with guidance related to leases.

In May 2016, the FASB issued their final standard on revenue from contracts with customers. The standard, which was issued as ASU 2014-09 (Topic 606 or ASC 606) by the FASB, and as amended, outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most legacy revenue recognition guidance. The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in each contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in each contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company adopted the provisions of ASC 606 on 1 January, 2018.

Voyage contracts are considered service contracts that fall under the provisions of ASC 606. The Company has determined that there is one single performance obligation for each of its voyage contracts, which is to provide the charterer with an integrated transportation service within a specified time period. In addition, the Company has concluded that a contract for a voyage charter meets the criteria to recognize revenue over time because the charterer simultaneously receives and consumes the benefits of the Company's performance as the Company performs. Therefore, since the Company's performance obligation under each voyage contract is met evenly as the voyage progresses, the revenue is recognized on a straight line basis over the voyage days from the commencement of the loading of cargo to completion of its discharge. Prior to the adoption of ASC 606, revenue from voyage contracts was recognized from the later of the discharge of the prior voyage or the contract date of the current voyage, until the discharge of the current voyage. The effect of this change is presented below.

Demurrage income, which is included in voyage revenues, represents payments by the charterer to the vessel owner when loading or discharging time exceeds the stipulated time in the voyage charter agreements. Demurrage income for the periods ended 31 March, 2018 and 2017 was not material.

The following table shows the revenues earned from time charters and voyage charters for the three months ended 31 March, 2018:

(In thousands of U.S. Dollars, except per share and share data)	Three Months Ended 31 March, 2018
Time charters	72,481
Voyage charters	46,381
Pool revenues	2,195
	121,057

Under voyage charter agreements, all voyage costs are borne and paid by the Company. Voyage expenses consist primarily of brokerage commissions, bunker consumption, port expenses and agency fees related to the voyage. Before the adoption of ASC 606, brokerage commissions were expensed over the related charter period, while the remaining voyage expenses were expensed as incurred. Charter-in hire expense and the related commissions for chartering-in the respective vessels, were also expensed rateably on a straight line basis over the period of the respective charter agreement. Following the adoption of ASC 606 and the implementation of ASC 340-40 *Other assets and deferred costs* for contract costs, these costs are considered contract fulfilment costs because they are directly related to the performance of the voyage contract. Those costs are expensed with the exception of those contract fulfilment costs incurred prior to the commencement of loading the cargo on the relevant vessel, which are capitalized to the extent they are directly related to a contract and are recoverable and they enhance the Company's resources by putting the Company's vessel in a location to satisfy its performance obligation under a contract. These capitalized contract fulfilment costs are recorded as an Other current asset and are amortized on a straight-line basis as the related performance obligations are satisfied.

The Company adopted ASC 606 using the modified retrospective approach. As such, the comparative information has not been restated and continues to be reported under the accounting standards in effect for periods prior to 1 January, 2018.

As evidenced in the tables below, following the adoption of the new revenue standard in 2018, as of 31 March, 2018, the Company has deferred revenue of USD 3.2 million and has deferred expenses of USD 3.5 million (USD 2.0 million voyage expenses and USD 1.6 million charter-in hire expenses) which will be reflected in the Company's earnings when the corresponding voyages are performed. Out of the USD 3.5 million of such deferred expenses, an amount of USD 2.0 million relates to ballasting cost incurred by chartered-in vessels during backhaul voyages (Pacific-Atlantic) that were considered directly related to the corresponding fronthaul voyages (Atlantic – Pacific) that are expected during the following quarters in 2018 and would otherwise have been expensed.

The following table presents the impact of the adoption of ASC 606 on the Company's consolidated balance sheet as at 31 March, 2018:

	As of 31 March 2018		
(In thousands of U.S. Dollars, except per share and share data)	**As Reported**	**Balances without Adoption of ASC 606**	**Effect of Change**
Assets			
Trade accounts receivable	20,862	23,293	(2,431)
Other current assets	9,725	6,195	3,530
Liabilities			
Deferred revenue	8,385	7,617	(768)
Accrued liabilities	9,751	9,760	9

The following table presents the impact of the adoption of ASC 606 on the Company's consolidated statement of operations for the three month period ended 31 March, 2018:

	For the three months ended 31 March 2018		
(In thousands of U.S. Dollars, except per share and share data)	**As Reported**	**Balances without Adoption of ASC 606**	**Effect of Change**
Voyage revenues	121,057	120,730	327
Voyage expenses	22,695	23,652	957
Charter-in hire expenses	16,470	18,048	1,578
Net income/(loss)	9,900	7,038	2,862
Earnings/(Loss) per share, basic	0.15	0.11	0.04
Earnings/(Loss) per share, diluted	0.15	0.11	0.04

The following table presents the cumulative effect of changes made to the Company's opening consolidated balance sheet on 1 January, 2018 for the adoption of ASC 606:

(In thousands of U.S. Dollars, except per share and share data)	**31 December 2017**	**Effect of Adoption of ASC 606**	**1 January, 2018**
Assets			
Trade accounts receivable	18,521	(2,385)	16,136
Other current assets	5,157	1,660	6,817
Liabilities			
Deferred revenue	7,229	(1,137)	8,366
Accrued liabilities	10,521	3	10,518
Stockholders' Equity			
Accumulated deficit	(1,036,303)	(1,859)	(1,038,162)

Description of the new accounting policy adopted by the Company as of 1 January, 2018 is also included in Note 2 of the Company's unaudited interim financial statements for the three months ended 31 March 2018.

10.3 Principal Factors Affecting the Company's Financial Condition and Results of Operations

The business, financial condition, results of operations and cash flows, as well as the period-to-period comparability of the financial results of the Company, are affected by a number of factors, see Section 2 "Risk Factors". Some of the factors that have influenced the Company's financial condition and results of operations during the periods under review and which are expected to continue to influence the Company's business, financial condition, results of operations and cash flows, as well as the period-to-period comparability of the Company's financial results, are:

- charter rates and duration of the Company's charters;
- age, condition and specifications of the Company's vessel
- levels of vessel operating expenses;
- depreciation and amortization expenses;
- financing costs; and
- fluctuations in foreign exchange rates.

The Company believes that the important measures for analysing trends in the results of operations consist of the following:

- ***Average number of vessels*** is the number of vessels that constituted the Company's operating fleet for the relevant period, as measured by the sum of the number of days each operating vessel was part of the Company's operating fleet during the period divided by the number of calendar days in that period.

- ***Ownership days*** are the total number of calendar days each vessel in the fleet was owned by us for the relevant period.

- ***Available days*** for the fleet are the ownership after subtracting off-hire days for major repairs, dry docking or special or intermediate surveys and lay-up days, if any.

- ***Charter-in*** **days** are the total days that the Company charter-in third-party vessels

- ***Fleet utilization*** calculated by dividing (x) available days plus charter-in days by (y) ownership days plus charter-in days for the relevant period.

- ***Time charter equivalent rate***. Represents the weighted average daily TCE rate of the Company's entire fleet (please refer below for its detailed calculation).

The following table reflects the Company's vessels, ownership days, fleet utilization and TCE rates for the periods indicated:

USD	For the Three Months Ended 31 March (unaudited) 2017	For the Three Months Ended 31 March (unaudited)2018	Year ended 31 December 2015	Year ended 31 December 2016	Year ended 31 December 2017
			(TCE rates expressed in U.S. Dollars)		
Average number of vessels	67.3	72.0	69.1	69.8	69.6
Number of vessels in operation (as of the last day of the periods reported)	69	73	70	67	71
Average age of operational fleet (in years)	7.6	8.2	7.4	7.7	8.2
Ownership days	6,058	6,483	25,206	25,534	25,387
Available days	6,009	6,483	24,096	24,623	25,272
Charter-in days	90	928	108	366	428
Fleet utilization	99%	100%	96%	96%	100%
Time charter equivalent rate (TCE)	8,156	12,586	7,042	6,208	10,393
Voyage revenues	64,866	121,057	234,035	221,987	327,892

Time Charter Equivalent Rate (TCE)

TCE rate is a measure of the average daily revenue performance of a vessel on a per voyage basis. The Company's method of calculating TCE rate is determined by dividing voyage revenues (net of voyage expenses, charter-in hire expenses and amortization of fair value of above/below market acquired time charter agreements) by available days for the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract, as well as commissions. Charter-in hire expenses related to hire paid to charter-in third party vessels either under time charters or voyage charters. TCE rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types (i.e., voyage charters, time charters and bareboat charters) under its vessels may be employed between the periods. The Company included TCE revenues, a non-GAAP measure, as it provides additional meaningful information in conjunction with voyage revenues, the most directly comparable GAAP measure, and it assists the Company's management in making decisions regarding the deployment and use of its operating vessels and in evaluating the Company's financial performance. The TCE rate for the year ended 31 December 2017 and for the three month period ended 31 March 2018 was calculated excluding Star Logistics that was recently formed, in October 2017, as further discussed elsewhere herein. Until the volume of business and activity of Star Logistics is normalized, it is considered to be in a start-up phase and accordingly is excluded from monitoring the on-going performance of the Company through the TCE rate. The Company's calculation of TCE rate may not be comparable to that reported by other companies.

The following table reflects the calculation of the Company's TCE rates and the reconciliation of TCE revenues to voyage revenues as reflected in the consolidated statement of operations (for the year ended 31 December 2017, the TCE rate was calculated excluding Star Logistics as discussed above):

In thousands of USD, except as otherwise stated	**For the Three Months Ended 31 March (unaudited) 2017**	**For the Three Months Ended 31 March (unaudited) 2018**	**Year ended 31 December 2015**	**Year ended 31 December 2016**	**Year ended 31 December 2017**
Voyage revenues	64,866	97,955	234,035	221,987	327,892
Less:					
Voyage expenses	(14,999)	(16,358)	(72,877)	(65,821)	(63,034)
Charter-in hire expenses	(855)	-	(1,025)	(3,550)	(2,197)
Amortization of fair value of below/above market acquired time charter agreements	-	-	9,540	254	-
Time charter equivalent revenues	49,012	81,597	169,673	152,870	262,661
Available days for fleet	6,009	6,483	24,096	24,623	25,272
Time charter equivalent rate (TCE)	8,156	12,586	7,042	6,208	10,393

Voyage Revenues

Voyage revenues are driven primarily by the number of vessels in the Company's fleet, the number of days during which the Company's vessels operate, the number of charter in days, the amount of daily charter hire or freight rates that the Company's vessels earn under time and voyage charters, respectively, which, in turn, are affected by a number of factors, including the Company's decisions relating to vessel acquisitions and disposals, the amount of time that the Company spends positioning the Company's vessels, the amount of time that the Company's vessels spend in dry dock undergoing repairs, maintenance and upgrade work, the age, condition and specifications of the Company's vessels, levels of supply and demand in the seaborne transportation market.

Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating in the spot charter market during periods characterized by favourable market conditions. Vessels operating in the spot charter market generate revenues that are less predictable, but may enable the Company to capture increased profit margins during periods of improvements in charter rates, although the Company would be exposed to the risk of declining vessel rates, which may have a materially adverse impact on its financial performance. If the Company employs vessels on period time charters, future spot market rates may be higher or lower than the rates at which the Company has employed its vessels on period time charters.

Vessel Voyage Expenses

Voyage expenses include port and canal charges, agency fees, fuel (bunker) expenses and brokerage commissions payable to related and third parties. Bunker expenses, port and canal charges primarily increase in periods during which vessel are employed on voyage charters because these expenses are paid by the owners. The Company's voyage expenses primarily consist of bunkers cost and commissions paid in connection with the chartering of its vessels.

Charter-in hire expenses

Charter-in hire expenses represent hire expenses for chartering-in third party vessels, either under time charters or voyage charters. Charter-in hire expenses are expected to increase as the activity of Star Logistics expands.

Vessel Operating Expenses

Vessel operating expenses include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes, regulatory fees, technical management fees, lubricants and other miscellaneous expenses. Other factors beyond the Company's control, some of which may affect the shipping industry in general, including for instance developments relating to market prices for crew wages, lubricants and insurance, may also cause these expenses to increase.

Dry Docking expenses

Dry docking expenses relate to regularly scheduled intermediate survey or special survey dry docking necessary to preserve the quality of the Company's vessels as well as to comply with international shipping standards and environmental laws and regulations. Dry docking expenses can vary according to the age of the vessel, the location where the dry docking takes place, shipyard availability and the number of days the vessel is under dry dock. The Company utilizes the direct expense method, under which the Company expense all dry docking costs as incurred.

Depreciation

The Company depreciate its vessels on a straight-line basis over their estimated useful lives, determined to be 25 years from the date of their initial delivery from the shipyard. Depreciation is calculated based on a vessel's cost less the estimated residual value.

General and Administrative Expenses

The Company incur general and administrative expenses, including the Company's onshore personnel related expenses, directors and executives' compensation, legal, consulting, audit and accounting expenses.

Management Fees

Management fees include fees paid to a third party providing certain procurement services to the Company's fleet.

Interest and Finance Costs

The Company incurs interest expense and financing costs in connection with the Company's outstanding indebtedness under its existing loan facilities (including capital leases) and the USD 50.0 million aggregate principal amount of 8.00% Senior Notes due 2019 (the "**2019 Notes**"), (while they were outstanding) and the USD 50.0 million aggregate principal amount of 8.30% Senior Notes due 2022 (the "**2022 Notes**"). The Company also incurred financing costs in connection with establishing those facilities, which are presented as a direct deduction from the carrying amount of that debt liability and amortize them to interest and financing costs over the term of the underlying obligation using the effective interest method.

Gain / (Loss) on Derivative Financial Instruments

The Company may enter into interest rate swap transactions to manage interest costs and risk associated with changing interest rates with respect to the Company's variable interest loans and credit facilities. Interest rate swaps are recorded in the balance sheet as either assets or liabilities, measured at their fair value, with changes in such fair value recognized in earnings under (gain)/loss on derivative financial instruments, unless specific hedge accounting criteria are met.

Gain / (Loss) on Forward Freight Agreements and Bunker Swaps

From time to time, the Company may take positions in freight derivatives, including freight forward agreements (the "**FFAs**") and freight options with an objective to utilize those instruments as economic hedges that are highly effective in reducing the risk on specific vessels trading in the spot market and to take advantage of short term fluctuations in the market prices. Upon the settlement, if the contracted charter rate is less than the average of the rates, as reported by an identified index, for the specified route and time period, the seller of the FFA is required to pay the buyer the settlement sum, being an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. All of the Company's FFAs are settled on a daily basis through reputable exchanges such as London Clearing House (LCH) or Singapore Exchange (SGX). Customary requirements for trading in FFAs include the maintenance of initial and variation margins based on expected volatility, open position and mark to market of the contracts. Freight options are treated as assets/liabilities until they are settled. Any such settlements by us or settlements to us under FFAs are recorded under (gain)/loss on forward freight agreements.

Also, from time to time, the Company may enter into bunker swap contracts to manage its exposure to fluctuations of bunker prices associated with the consumption of bunkers by its vessels. Bunker swaps are agreements between two parties to exchange cash flows at a fixed price on bunkers, where volume, time period and price are agreed in advance. The Company's bunker swaps are settled through reputable clearing houses, including the London Clearing House. The fair value of bunker swaps is the estimated amount that the Company would receive or pay to terminate the swaps at the reporting date (Level 2). Bunker price differentials paid or received under the swap agreements are recognized under (gain)/loss on forward freight agreements.

Interest income

The Company earns interest income on its cash deposits with its lenders.

10.4 Reporting Segments

The Company reports financial information and evaluates its operations and operating results by total charter revenues and not by the type of vessel, length of vessel employment, customer or type of charter. As a result, management, including the Chief Operating Officer, who is the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet, and thus, the Company has determined that it operates under one reportable segment, that of operating dry bulk vessels. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide, subject to restrictions as per the charter agreement, and, as a result, the disclosure of geographic information is impracticable.

10.5 Recent Developments

Other than the Transactions and as discussed below, there has been no significant change in the Group's financial and trading position since 31 March 2018 (all definitions to loan agreements discussed below are provided in Note 8 of the Company's financial statements for the year ended 31 December 2017, which is attached to this Prospectus):

- On 3 January 2018 and on 26 March 2018 the Company took delivery of its new built vessels *Star Eleni* and *Star Magnanimus*. The vessels were financed under separate bareboat charters as further discussed in section 10.7.

- On 19 April, 2018, the Company entered into a loan agreement with National Bank of Greece, (the "**NBG USD 30.0 million Facility**"), for the refinancing of the Commerzbank USD120.0 million Facility. The outstanding amount of USD34.7 million under the Commerzbank USD120.0 million Facility has been fully repaid on 3 May, 2018 and an amount of USD30.0 million was drawn under the new facility.

- On 14 May 2018, the Company took delivery of the Newcastlemax vessel *Star Leo* (ex- HN 1343), built at SWS. The vessel is financed under a bareboat charter in the amount of USD 30.0 million as further discussed in section 10.7.

- On 17 May, 2018, the Company paid an aggregate amount of USD 30 million in total to all parties under its Supplemental Agreements which consisted of i) an amount of USD 25.9 million representing the excess cash for the quarter ended 31 March, 2018, pursuant to the cash sweep mechanism in the Supplemental Agreements, and ii) an additional amount of USD 4.1 million paid to the parties under its Supplemental Agreements due to the improved market conditions.

- In April 2018, the Company entered into a committed term-sheet with DNB Bank ASA, (the **"DNB USD 310.0 million Facility")**, a tranche of USD 240.0 million of which, will refinance all amounts outstanding under the ABN USD 87.5 million Facility, DNB-SEB-CEXIM USD 227.5 million Facility, DNB USD 120.0 million Facility, Deutsche Bank AG USD 39.0 million Facility and ABN AMRO Bank N.V. USD 30.8 million Facility, respectively. All of the refinanced facilities are further described in section 10.7. The loan is secured by a first priority mortgage on the vessels previously pledged under the refinanced facilities. The facility will refinance the aforementioned loans in an amount of USD 240 million. The completion of the transaction is subject to execution of customary definitive documentation.

- In April 2018, the Company entered into a committed term-sheet with ING Bank N.V., London Branch, (the "**ING USD 45.0 million Facility"),** with respect to the refinancing of the USD 85.0 million loan agreement with Deutsche Bank AG Filiale Deutschlandgeschaft (the "**Deutsche Bank USD 85.0 million Facility**"), which is further described in section 10.7. The facility will refinance the aforementioned loan in an amount of USD 45 million. The facility will be secured by a first priority mortgage on the vessels previously pledged under the refinanced Deutsche Bank USD 85.0 million Facility. The completion of the transaction is subject to execution of customary definitive documentation.

- In April 2018, the Company entered into a committed term-sheet with Citibank N.A., London Branch, (the "**Citi USD 130.0 million Facility**"), with respect to the refinancing the credit facility with Citibank, N.A., London Branch (the "**Citi Facility**"), which is further described in section 10.7, for an amount of approximately USD 65 million, as well as refinance the existing indebtedness of 5 of the Augustea Vessels for approximately USD 65 million. The completion of the transaction is subject to execution of customary definitive documentation.

- In May 2018, the Company entered into a committed term-sheet with Credit Agricole Corporate and Investment Bank ("**Credit Agricole**"),(the "**Credit Agricole USD 43.0 million Facility**"), with respect to the refinancing of a USD 70.0 million term loan (the "**Credit Agricole USD 70.0 million Facility**"), which is further described in section 10.7. The facility will refinance the aforementioned loan in an amount of USD 43 million, is secured by the vessels previously securing the Credit Agricole USD 70.0 million Facility and is available in two tranches. The completion of the transaction is subject to execution of customary definitive documentation.

10.6 Results of Operations

The following table sets out the Company's operating results for the three months ended 31 March 2018 and 2017 and for the years ended 31 December 2017, 2016 and 2015:

CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands of U.S. Dollars, except per share and share data)

	Years ended 31 December (audited)			Three months ended 31 March (unaudited)	
	2015	**2016**	**2017**	**2017**	**2018**
Voyage revenues	234,035	221,987	331,976	64,866	121,057
Management fee income	251	119	-	-	-
	234,286	222,106	331,976	64,866	121,057
Voyage expenses	72,877	65,821	64,682	14,999	22,695
Charter-in hire expenses	1,025	3,550	5,325	855	16,470
Vessel operating expenses	112,796	98,830	101,428	24,415	26,273
Dry docking expenses	14,950	6,023	4,262	1,392	1,120
Depreciation	82,070	81,935	82,623	19,645	21,168
Management fees	8,436	7,604	7,543	1,814	1,930
General and administrative expenses	23,621	24,602	30,955	8,032	7,319
(Gain)/ Loss on forward freight agreements) and bunker swaps	-	(411)	841	797	812
Impairment loss	321,978	29,221	-	-	-
Loss on time charter agreement termination	2,114	-	-	-	-
Other operational loss	-	503	989	-	-
Other operational gain	(592)	(1,565)	(2,918)	(2,166)	(5)
(Gain)/ Loss on sale of vessel	20,585	15,248	(2,598)	369	-
	659,860	331,361	293,132	70,152	97,782
Operating income / (loss)	(425,574)	(109,255)	38,844	(5,286)	23,275
Interest and finance costs	(29,661)	(41,217)	(50,458)	(11,141)	(14,273)
Interest and other income	1,090	876	2,997	620	893
(Loss) / gain on derivative instruments, net	(3,268)	(2,116)	246	247	(1)
Loss on debt extinguishment	(974)	(2,375)	(1,257)	(358)	-
Total other expenses, net	(32,813)	(44,832)	(48,472)	(10,632)	(13,381)

Income/ (Loss) Before Equity in Income of Investee	(458,387)	(154,087)	(9,628)	(15,918)	9,894
Equity in income of investee	210	126	93	33	6
Income / (Loss) before taxes	(458,177)	(153,961)	(9,535)	(15,885)	9,900
Income taxes	-	(267)	(236)	(65)	-
Net income / (loss)	(458,177)	(154,228)	(9,771)	(15,950)	9,900
Earnings / (loss) per share, basic	(11.71)	(3.24)	(0.16)	(0.26)	0.15
Earnings / (loss) per share, diluted	(11.71)	(3.24)	(0.16)	(0.26)	0.15
Weighted average number of shares outstanding, basic	39,124,673	47,574,454	63,034,394	61,027,878	64,107,324
Weighted average number of shares outstanding, diluted	39,124,673	47,574,454	63,034,394	61,027,878	64,303,356

Operating Results for the three months ended 31 March 2018 compared with the three months ended 31 March 2017.

Voyage revenues net of Voyage expenses: For the first quarter of 2018, voyage revenues were USD 121.1 million compared to USD 64.9 million for the corresponding period in 2017. In addition for the first quarter of 2018 and 2017, voyage expenses were USD 22.7 million and USD 15.0 million, respectively. The driving factor for the increase in voyage revenues and voyage expenses was the higher average number of operating fleet and the higher charter rates, as also reflected in the TCE rate further discussed below. In addition time charter equivalent revenues ("TCE Revenues") (total voyage revenues net of voyage expenses and charter-in hire expense) excluding Star Logistics were USD 81.6 million, compared to USD 49.0 million for the first quarter of 2017. This increase was primarily attributable to the significant rise in charterhire rates, which led to a TCE rate of USD 12,586 for the first quarter of 2018 compared to a TCE rate of USD 8,156 for the first quarter of 2017, representing a 54% increase. TCE Revenues also increased as a result of an increase in the average number of vessels in the Company's fleet to 72.0 in the first quarter of 2018, up from 67.3 in the first quarter of 2017, which caused an increase in Available days for its fleet. The TCE rate for the three month period ended 31 March 2018 was calculated excluding Star Logistics that was recently formed, in October 2017, as further discussed elsewhere herein. Until the volume of business and activity of Star Logistics is normalized, it is considered to be in a start-up phase and accordingly is excluded from monitoring the on-going performance of the Company through the TCE Revenues and TCE rate.

Vessel operating expenses: For the first quarter of 2018 and 2017, vessel operating expenses were USD 26.3 million and USD 24.4 million, respectively. Vessel operating expenses for the first quarter of 2018 include pre-delivery and pre-joining expenses of USD 0.4 million incurred mainly in connection with the delivery of the Star Eleni and Star Magnanimus, which were delivered in January and March 2018, respectively. Excluding these expenses, the Company's average daily operating expenses per vessel for the first quarter of 2018 stands at USD 3,991 which is approximately at the same levels with the respective period in 2017 of USD 3,949.

Dry docking expenses: During the first quarter of 2018, none of the Company's vessels underwent their periodic dry docking surveys, but the Company incurred expenses of USD 1.1 million in connection with several upcoming dry dockings. During the first quarter of 2017, one Post Panamax vessel and one Kamsarmax vessel, underwent their periodic dry docking surveys, resulting in dry docking expenses of USD 1.4 million during that period.

General and administrative expenses: General and administrative expenses for the first quarters of 2018 and 2017 were USD 7.3 million and USD 8.0 million, respectively. These expenses for the first quarter of 2018 include stock-based compensation expense of USD 1.1 million and ad-hoc legal fees of USD 0.03 million. During the same quarter of 2017, general and administrative expenses included stock-based compensation expense of USD 2.7 million and legal fees of USD 0.3 million in connection with the restructuring of the

Company's indebtedness. Excluding the above-mentioned expenses, the Company's average daily net cash general and administrative expenses per vessel (including management fees) for the first quarter of 2018 were reduced to USD 1,101 from USD 1,116, during the first quarter 2017.

Other operational gain: During the first quarter of 2017, the Company recognized other operational gain of USD 2.2 million resulting from the settlement proceeds of a commercial dispute. Other operational gain for the three month period ended 31 March 2018 was immaterial.

Loss on sale of vessels: During the first quarter of 2017, the Company recognized a net loss of USD 0.4 million, in connection with the sale of Star Eleonora. For the three month period ended 31 March 2018, gain/loss from the sale of vessels was nil as no vessel was sold in the corresponding period.

Charter-in hire expenses: Charter-in hire expense for the first quarters of 2018 and 2017 was USD 16.5 million and USD 0.9 million, respectively. The increase in charter-in hire expense was due to an increase in charter-in days to 928 for the first quarter of 2018 from 90 for the first quarter of 2017, which is attributable to the activities of the Company's new subsidiary, Star Logistics that was formed in October 2017.

Interest and finance costs net of interest and other income/ (loss): Interest and finance costs net of interest and other income/ (loss) for the first quarters of 2018 and 2017 were USD 13.4 million and USD 10.5 million, respectively. The increase is attributable to the increase in (i) LIBOR between the corresponding periods and (ii) the weighted average balance of our outstanding indebtedness of USD 1,045.1 million during the first quarter of 2018 compared to USD 976.3 million for the same period in 2017, partially offset by higher interest income earned due to higher outstanding cash balances held in time deposits during the respective periods.

Loss on debt extinguishment: During the first quarter of 2017, the Company recorded USD 0.4 million loss on debt extinguishment representing the non-cash write-off of unamortized deferred finance charges incurred in connection with the cancellation of a previous loan commitment for Star Eleni that was originally negotiated as part of the DNB-SEB-CEXIM USD 227.5 million Facility (discussed later herein), however such commitment was subsequently withdrawn Loss on debt extinguishment for the first quarter of 2018 was nil.

Gain on derivative financial instruments: During the first quarter of 2017, the Company recorded a gain on derivative financial instruments of USD 0.2 million, representing realized and unrealized gain on the five swaps that are not designated as accounting hedges, due to the increase in LIBOR during the corresponding period. These swaps were terminated on 1 April 2018.

Operating Results for the Year Ended 31 December 2017 Compared with the Year Ended 31 December 2016

Voyage revenues net of Voyage expenses: For the year ended 31 December 2017, total voyage revenues net of voyage expenses were USD 267.3 million, compared to USD 156.2 million for the year ended 31 December 2016. This increase was primarily attributable to the significant rise in charter hire rates, which led to a TCE rate of USD 10,393 (excluding Star Logistics) for the year ended 31 December 2017, compared to USD 6,208 for the year ended 31 December 2016 as well as the increase in available days due to reactivation in 2017 of all vessels that were laid-up during the year ended 31 December 2016.

Charter-in hire expenses: For the year ended 31 December 2017 and 2016, charter hire expense was USD 5.3 million and USD 3.6 million, respectively. During the year ended 31 December 2017, charter hire expense included the expense for leasing back the vessel *Astakos* (which the Company sold in September 2015) until August 2017 and the expense for chartered-in third party vessels by Star Logistics. The corresponding expense for the year ended 31 December 2016 included only the expense for leasing back the vessel *Astakos* throughout the year.

Vessel operating expenses: For the year ended 31 December 2017 and 2016, vessel operating expenses were USD 101.4 million and USD 98.8 million, respectively. Vessel operating expenses for such periods include one-time expenses, consisting mainly of pre-delivery and pre-joining expenses, of USD 2.3 million and USD 1.8 million, respectively. Excluding these amounts, the Company's average daily operating expenses per vessel for the years ended 31 December 2017 and 2016 were slightly increased mainly due to the reactivation in 2017 of all vessels that were laid-up during the year ended 31 December 2016.

Dry docking expenses: For the year ended 31 December 2017 and 2016, dry docking expenses were USD 4.3 million and USD 6.0 million, respectively. During the year ended 31 December 2017, four vessels underwent and completed their periodic dry docking surveys. During the same period in 2016, nine vessels underwent their periodic dry docking surveys, two of which were ongoing from December 2015.

General and administrative expenses: For the years ended 31 December 2017 and 2016, general and administrative expenses were USD 31.0 million and USD 24.6 million, respectively. These expenses for the year ended 31 December 2017 include stock-based compensation expense of USD 9.3 million and legal fees of USD 1.0 million incurred in connection with the restructuring of the Company's indebtedness. During the year ended 31 December 2016, general and administrative expenses included stock-based compensation expense of USD 4.2 million and professional advisory services of USD 0.3 million that were not part of the Company's ordinary course of business. Excluding the above mentioned stock-based compensation expense and one-time expenses, the Company's general and administrative expenses were slightly increased mainly due to the higher EUR/USD exchange rate during the year ended 31 December 2017 compared to the year ended 31 December 2016 which resulted in higher wage expenses.

Other operational gain: For the year ended 31 December 2017, the Company recognized other operational gain of USD 2.9 million, consisting of an amount of USD 2.1 million, resulting from a cash settlement of a commercial dispute and gain from hull and machinery insurance claims. During the year ended 31 December 2016, the Company recognized other operational gain of USD 1.6 million, mainly consisting of gain from insurance claims.

(Gain)/Loss on sale of vessel: During the year ended 31 December 2017, the Company recognized an aggregate net gain on sale of vessels of USD 2.6 million in connection with the sale of the *Star Eleonora* and the *Star Vanessa*. During the year ended 31 December 2016, the Company recognized an aggregate net loss on sale of vessels of USD 15.2 million in connection with the sale of 15 vessels. Total proceeds from these sales were USD 380.2 million and USD 15.2 million for the years ended 31 December 2016 and 2017, respectively.

Interest and finance costs net of interest and other income/(loss): For the years ended December 31, 2017 and 2016, interest and finance costs net of interest and other income/(loss) were USD 47.5 million and USD 40.3 million, respectively. The respective increase is attributable to: (i) the increase in LIBOR between the periods, (ii) the increase in the weighted average balance of the Company's outstanding indebtedness to USD 1,027.1 million during the year ended December 31, 2017 compared to USD 978.8 million for the same period in 2016 and (iii) the decrease in interest capitalized from general debt in connection with the payments made for the Company's newbuilding vessels to USD 2.4 million from USD 3.9 million, respectively, which is recognized as credit in the interest and finance costs. The increase was partially offset by higher interest income earned due to higher outstanding cash balances held in time deposits during the respective periods.

Gain/(Loss) on derivative financial instrument, net: During the year ended 31 December 2017, the Company recorded a gain on derivative financial instruments of USD 0.2 million, while during the year ended 31 December 2016, the Company recorded a loss on derivative financial instruments of USD 2.1 million in connection with the Company's interest rate swaps that do not qualify for hedge accounting. The reversal of the aforementioned loss into gain is attributable to the increase in LIBOR during the respective periods.

Loss on debt extinguishment: During the year ended 31 December 2017, the Company recorded USD 1.3 million of loss on debt extinguishment in connection with the non-cash write-off of unamortized deferred finance charges resulting from the cancellation of a previous loan commitment and the refinancing in full of the Company's 2019 Notes in December 2017. During the year ended 31 December 2016, the Company recorded USD 2.4 million of loss on debt extinguishment in connection with the non-cash write-off of unamortized deferred finance charges resulting from the mandatory prepayment in full of outstanding loan balances following the sale of certain vessels, as well as from the cancellation of certain committed loan amounts resulting from (i) the sale of certain newbuilding vessels upon their delivery from the shipyards and (ii) the termination of two newbuilding contracts agreed in February 2016.

Operating Results for the Year Ended 31 December 2016 Compared with the Year Ended 31 December 2015

Voyage revenues net of Voyage expenses: For the year ended 31 December 2016, total voyage revenues net of voyage expenses were USD 156.2 million, compared to USD 161.2 million for the year ended 31 December 2015. This decrease was primarily driven by the lower charter hire rates prevailing in the dry bulk market during the year ended 31 December 2016, compared to the corresponding period in 2015. The TCE rates for the year ended 31 December 2016 and 2015 were USD 6,208 and USD 7,042, respectively.

Charter-in hire expenses: For the year ended 31 December 2016, charter hire expense was USD 3.6 million, representing the expense for leasing back the vessel Astakos (ex-Maiden Voyage), which the Company sold in September 2015. The corresponding expense for the year ended 31 December 2015 was USD 1.0 million.

Vessel operating expenses: For the year ended 31 December 2016 and 2015, vessel operating expenses were USD 98.8 million and USD 112.8 million, respectively. The Company's average daily operating expenses per vessel for the year ended 31 December 31 2016 were USD 3,871, compared to USD 4,475 during the same period in 2015, representing a 13.5% reduction. The decrease in vessel operating expenses was a result of the Company's management's continued focus on cost efficiencies, the addition to the Company's fleet of newly built vessels with lower maintenance requirements and further realization of synergies and economies of scale from operating a large fleet. In addition, vessel operating expenses for the year ended 31 December 2016 and 2015 included USD 1.8 million and USD 6.1 million of pre-delivery expenses, respectively, which related to the initial crew manning and the initial supply of stores for the Company's vessels upon delivery.

Dry docking expenses: Dry docking expenses for the year ended 31 December 2016 and 2015 were USD 6.0 million and USD 15.0 million, respectively. During the year ended 31 December 2016, nine of the Company's vessels underwent their periodic dry docking surveys, compared to 23 vessels in the same period in 2015.

Management fees: Management fees for year ended 31 December 2016 and 2015 were USD 7.6 million and USD 8.4 million, respectively, representing a daily fee of USD 295 per vessel to SPS, a third party, paid for providing us with certain procurement and remote vessel performance monitoring services. In addition, management fees for the year ended 31 December 2015, included a monthly fee of USD 17,500 the Company paid to Maryville Maritime Inc. ("Maryville") for the management of the vessels Star Martha, Star Pauline and Star Despoina from their delivery to the Company until the expiration of their existing time charter agreements (the last expired in November 2015).

General and administrative expenses: During the year ended 31 December 2016, the Company had USD 24.6 million of general and administrative expenses, compared to USD 23.6 million during the year ended 31 December 2015. Excluding the stock- based compensation of USD 4.2 million and USD 2.7 million for the years ended 31 December 2016, and 2015, respectively, general and administrative expenses slightly decreased.

Impairment loss: During the year ended 31 December 2016, the Company recorded an impairment loss of USD 29.2 million in connection with the sale of two operating vessels, the termination of two newbuilding contracts and the results of the Company's impairment analysis performed for the year ended 31 December 2016. During the year ended 31 December 2015, the Company recorded an impairment loss of an aggregate of USD 322.0 million relating to: (i) the agreements signed to sell certain operating vessels and newbuilding vessels upon their delivery from the shipyards, (ii) two agreements to reassign the corresponding leases for two newbuilding vessels back to the vessels' owners for a one-time refund to the Company of USD

5.8 million each, and (iii) the Company's impairment analysis performed for the year ended 31 December 2015. The impairment loss for the year ended 31 December 2015 includes an amount of USD 126.8 million representing write-off of the fair value adjustment recognized upon the Company's merger with Oceanbulk in July 2014.

Loss on time charter agreement termination: During the year ended 31 December 2015, the Company recognized a USD 2.1 million write-off of the unamortized fair value of the above market acquired time charter of the vessel *Star Big* due to its redelivery prior to the end of its time charter in connection with its sale and delivery to its new owners in June 2015.

Other operational gain: For the year ended 31 December 2016, the Company recognized other operational gain of USD 1.6 million, mainly from gains on insurance claims. For the year ended 31 December 2015, other operational gain of USD 0.6 million, mainly consisting of cash received from the sale of KLC shares acquired in past years in connection with the rehabilitation plan.

(Gain)/Loss on sale of vessel: During the year ended 31 December 2016, the Company recognized an aggregate loss on sale of vessels of USD 15.2 million in connection with the sale of 15 vessels. Total proceeds from these sales were USD 380.2 million. During the year ended 31 December 2015, the Company recognized an aggregate loss on sale of vessels of USD 20.6 million relating to the sale of 12 vessels. Total proceeds from these sales were USD 71.4 million, of which USD 1.1 million was received in 2014 as an advance for the sale of the *Star Kim*.

Interest and finance costs: Interest and finance costs for the years ended 31 December 2016 and 2015 were USD 41.2 million and USD 29.7 million, respectively. The increase is attributable to: (i) the higher average balance of the Company's outstanding indebtedness of USD 978.8 million for the year ended 31 December 2016, compared to USD 957.1 million for the year ended 31 December 2015, and (ii) the increase in LIBOR for the corresponding periods, (iii) offset partially by the lower amount of interest capitalized from general debt of USD 3.9 million and USD 12.1 million, respectively, which is recognized in connection with the payments made for the Company's newbuilding vessels. In addition, for the years ended 31 December 2016 and 2015, interest and finance costs included realized loss on hedging interest rate swaps of USD 1.3 million and USD 2.4 million respectively, this decrease is mainly due to the increase in LIBOR as mentioned above.

Loss on debt extinguishment: During the year ended 31 December 2016, the Company recorded USD 2.4 million of loss on debt extinguishment in connection with the non-cash write-off of unamortized deferred finance charges resulting from the mandatory prepayment in full of outstanding loan balances following the sale of certain vessels, as well as from the cancellation of certain committed loan amounts resulting from (i) the sale of certain newbuilding vessels upon their delivery from the shipyards and (ii) the termination of two newbuilding contracts agreed in February 2016. During the year ended 31 December 2015, the Company recorded USD 1.0 million of loss on debt extinguishment, in connection with the non-cash write-off of unamortized deferred finance charges due to mandatory prepayments in full of certain of the Company's loan facilities.

Gain/(Loss) on derivative financial instrument, net: During the years ended 31 December 2016 and 2015, the Company recorded a loss on derivative financial instruments of USD 2.1 million and USD 3.3 million, respectively. As of 1 January 2015, all of the Company's interest rate swaps had been designated as cash flow hedges. The Company's hedge effectiveness test for the second quarter of 2015 indicated that the hedging relationship of certain of the Company's interest rate swaps no longer qualified for special hedge accounting. The Company therefore de-designated these swaps as accounting cash flow hedges as of 1 April 2015 and, accordingly, realized and unrealized gain/(loss) from these swaps from 1 April 2015 onwards has been recorded in the Company's statement of operations under Gain/(Loss) on derivative financial instruments. During the period that these swaps qualified for hedge accounting, their realized and unrealized gain/(loss) was recorded under interest and finance cost and equity, to the extent effective, respectively.

There were no unusual or infrequent events affecting the Company's operating results.

10.7 Liquidity and Capital Resources

10.7.1 Overview; Sources and Uses of Funds

The Company operates in a capital intensive industry and has historically financed its purchase of vessels through a combination of equity capital and borrowings from commercial banks. The Company's ability to generate adequate cash flows on a short and medium term basis depends substantially on market rates obtained on their vessels in the market. Periodic adjustments to the supply of and demand for dry bulk carriers cause the industry to be cyclical in nature.

Short-term liquidity requirements of the Company relate to service of debt, payment of operating costs, funding working capital requirements and maintaining cash reserves against fluctuations in operating cash flows and payment of cash distributions. Sources of short-term liquidity include cash balances, restricted cash balances, short-term investments and receipts from customers. In addition to the short term funding requirements, the liquidity requirements of the Company include funding of newbuilding vessels or acquisition of second-hand vessels and the repayment of long-term debt balances.

As of 28 June 2018, the date of this Prospectus, the Company's available sources of liquidity comprise of cash of USD 241.4 million and no amounts available under any undrawn facilities.

10.7.2 Borrowings

The Group has financed its vessel acquisitions on market terms under several different loan facility agreements and capital lease arrangements.

The Restructuring Transactions

The prolonged market downturn in the dry bulk market, depressed freight rates and low prevailing vessel market values in the past years led to net losses over an extended period of time. As a result of these operating conditions, the Company took significant steps in fiscal years 2015 and 2016 to improve its liquidity through a reduction in the operating costs of its vessels, opportunistic vessel sales, cancellation of newbuilding contracts and the negotiated deferral of delivery or reduction of the purchase price of all of its newbuilding vessels.

In addition to a number of measures (described above) implemented to address the adverse market conditions and in order to avoid any possibility that it might have been unable to comply with certain financial and other covenants in its credit agreements described below (the "**Senior Secured Credit Facilities**") with its banks and export credit agencies (the "**Lenders**"), the Company and all of its Lenders completed in August 2016, a global restructuring of its Senior Secured Credit Facilities, which is referred to as the "**Restructuring Transactions**." Under the Restructuring Transactions, the Company and the Lenders agreed to defer USD 224.0 million, equal to 100%, of its principal payments (including all scheduled amortization and balloon payments at stated maturity) due between 1 June 2016 and 30 June 2018, and waived in full or substantially relaxed the financial and other covenants in its Senior Secured Credit Facilities until 31 December 2019. As of 31 August 2016, the Company entered into separate standstill agreements (the "**Standstill Agreements**") and restructuring letter agreements ("**RLAs**") with each of the Lenders. Each Standstill Agreement was designed to provide for a waiver and/or relaxation of covenants and suspension of principal payments until the execution of the relevant supplemental agreement (each, a "**Supplemental Agreement**") for the permanent restructuring of each Senior Secured Credit Facility, which were finalized in July 2017.

The Supplemental Agreement to each Senior Secured Credit Facility, among other things (i) defers principal payments owed from 1 June 2016 through 30 June 2018 to the due date of the balloon installments of each facility (the "**Deferred Amounts**"), (ii) waives in full or substantially relaxes the financial covenants, effective until 31 December 2019 and (iii) implements a cash sweep mechanism pursuant to which excess cash at the consolidated level above certain thresholds will be applied towards the payment of Deferred

Amounts, payable *pro rata* based on each loan facility's and lease agreement's outstanding Deferred Amounts relative to the total Deferred Amounts at the end of each quarter. In exchange, the Company agreed to raise additional equity of not less than USD 50.0 million by 30 September 2016 (which condition was satisfied in September 2016) and impose restrictions on paying dividends until all Deferred Amounts have been repaid. The Standstill Agreements, the RLAs and the Supplemental Agreements and the transactions contemplated thereby are included in the term "**Restructuring Transactions**."

Following the execution of the RLAs, the Company entered into a Restructuring Letter Agreement with one of its lease providers to defer a portion of the principal repayments included in the hire amounts that were scheduled for payment between 1 October 2016 and 30 June 2018 under all the lease agreements (the "**Deferred Lease Amounts**"). The Deferred Lease Amounts will be amortized on a monthly basis in the remaining charter period, unless otherwise prepaid as part of a cash sweep mechanism which shall be implemented on a consolidated level as discussed above.

On 28 December 2017, the Company announced that in light of its improved performance and the dry bulk market in general, it is planning to make debt principal repayments that are in total at least equivalent to the amortization payments scheduled prior to the commencement of debt amortization holidays for the first and second quarters of 2018, under the "cash sweep" mechanism incorporated in its Supplemental Agreements. This decision effectively reflects the end of the deferral of amortization payments pursuant to the Supplemental Agreements, six months ahead of schedule.

Senior Secured Credit Facilities

Commerzbank USD 120.0 million Facility

On 27 December 2007, the Company entered into a loan agreement (the "**Commerzbank USD 120.0 million Facility**") with Commerzbank to provide financing in an amount of up to USD 120.0 million to partially finance the acquisition cost of the vessels *Star Gamma*, *Star Delta*, *Star Epsilon*, *Star Zeta* and *Star Theta*. The Commerzbank USD 120.0 million Facility is secured by a first priority mortgage over the financed vessels. The Commerzbank USD 120,000 Facility was amended in June and December 2009. As amended, the Commerzbank USD 120.0 million Facility had two tranches. One tranche of USD 50.0 million was repayable in 28 consecutive quarterly installments, which commenced in January 2010, and consisted of (i) the first four installments of USD 2.3 million each, (ii) the next 13 installments of USD 1.0 million each, (iii) the remaining 11 installments of USD 1.3 million each and (iv) a final balloon payment of USD 13.7 million payable together with the last installment. The second tranche of USD 70.0 million was repayable in 28 consecutive quarterly installments which commenced in January 2010, and consisted of (i) the first four installments of USD 4.0 million each, (ii) the remaining 24 installments of USD 1.8 million each and (iii) a final balloon payment of USD 12.0 million payable together with the last installment.

Commerzbank USD 26.0 million Facility

On 3 September 2010, the Company entered into a loan agreement with Commerzbank (the "**Commerzbank USD 26.0 million Facility**") to provide financing in an amount of up to USD 26.0 million to partially finance the acquisition cost of the vessel *Star Aurora*. The Commerzbank USD 26.0 million Facility was secured by a first priority mortgage over the financed vessel.

Supplemental Agreement - Commerzbank USD 120.0 million and USD 26.0 million Facilities

On 17 December 2012, the Company executed a commitment letter with Commerzbank to amend the Commerzbank USD 120.0 million Facility and the Commerzbank USD 26.0 million Facility. The definitive documentation for the supplemental agreement (the "**Commerzbank Supplemental**") was signed on 1 July 2013. Pursuant to the Commerzbank Supplemental, the Company paid Commerzbank a flat fee of 0.40% of the combined outstanding loans under the two facilities and agreed, subject to certain conditions, to (i) amend some of the covenants governing the two facilities, (ii) prepay USD 2.0 million pro rata against the balloon payments of each facility and (iii) require the Company to raise USD 30.0 million in equity (which condition was satisfied with the completion of a rights offering in July 2013), and (iv) increase the loan margins. In addition, Commerzbank agreed to defer 60% and 50% of the quarterly installments for the years ended 31 December 2013 and 2014 (the "**2013 Deferred Amounts**") to the balloon payments or to a payment in accordance with a semi-annual cash sweep mechanism, under which all earnings of the mortgaged vessels after operating expenses, dry docking provision, general and administrative expenses and debt service, if any, will be used as repayment of the 2013 Deferred Amounts. The Company were not permitted to pay any dividends as long as 2013 Deferred Amounts are outstanding and/or until original terms are complied with.

On 30 March 2015, the Company and Commerzbank signed a second supplemental agreement. Under the supplemental agreement, the Company agreed to (i) prepay Commerzbank USD 3.0 million, (ii) amend some of the covenants governing the facilities and (iii) change the repayment date relative to Commerzbank USD 26.0 million tranche from 7 September 2016 to 31 July 2015.

The Company fully repaid the Commerzbank USD 26.0 million Facility in June 2015, and the vessels *Star Aurora* and *Star Zeta* were released from the vessel mortgage.

On 29 June 2015, the Company and Commerzbank signed a third supplemental agreement (the "Commerzbank Third Supplemental"). Under the Commerzbank Third Supplemental, the Company agreed to (i) defer the installment payments under the Commerzbank USD 120.0 million Facility, until the full repayment in late October 2016, (ii) add as additional collateral the vessel *Star Iris*, and (iii) amend some of the covenants governing this facility.

On 19 April 2016, the Company agreed in principle with Commerzbank to a refinancing amendment of the Commerzbank Supplemental. Pursuant to this refinancing amendment, the Company agreed to (a) amend certain covenants governing this facility, (b) change the amortization schedule for this facility, and extend the repayment date for the facility from October 2016 to October 2018.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

As discussed in Section 10.5- «Recent Developments», this facility was refinanced in full in May 2018.

Credit Agricole USD 70.0 million Facility

On 20 January 2011, the Company entered into a loan agreement with Credit Agricole for a term loan up to USD 70.0 million (the "**Credit Agricole USD 70.0 million Facility**") to partially finance the construction cost of two newbuilding vessels, *Star Borealis* and *Star Polaris,* which were delivered in 2011. The Credit Agricole USD 70.0 million Facility is secured by a first priority mortgage over the financed vessels and is divided into two tranches. The Company drew down USD 67.3 million under this facility. The Credit Agricole USD 70.0 million Facility is repayable in 28 consecutive quarterly installments, commencing three months after the delivery of each vessel, of USD 0.5 million for each tranche, and a final balloon payment payable at maturity, of USD 19.6 million (due August 2018) and USD 20.1 million (due November 2018) for the *Star Borealis* and *Star Polaris* tranches, respectively.

On 29 June 2015, the Company signed a waiver letter with Credit Agricole in order to revise some of the covenants contained in the loan agreement for a period up to 31 December 2016.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

As discussed in Section 10.5 «Recent Developments», this facility is expected to be fully refinanced by the Credit Agricole USD 43.0 million Facility agreed in May 2018.

HSH Nordbank USD 64.5 million Facility

On 31 October 2011, the Company entered into a USD 64.5 million secured term loan agreement (the "**HSH Nordbank USD 64.5 million Facility**") with HSH Nordbank AG ("**HSH Nordbank**") to repay, together with cash on hand, certain existing debt. The borrowers under the HSH Nordbank USD 64.5 million Facility are the vessel-owning subsidiaries that own the vessels *Star Cosmo, Star Kappa, Star Sigma, Star Omicron* and *Star Ypsilon*, and Star Bulk Carriers Corp. is the guarantor. This facility consists of two tranches. The first tranche of USD 48.5 million (the "**Supramax Tranche**") is repayable in 20 quarterly consecutive installments of USD 1.3 million commencing in January 2012 and a final balloon payment of USD 23.5 million payable at the maturity in September 2016. The second tranche of USD 16.0 million (the "**Capesize Tranche**") was repayable in 12 consecutive, quarterly installments of USD 1.3 million, commencing in January 2012 and matured in September 2014.

On 17 July 2013, the Company and HSH Nordbank signed a supplemental agreement (the "**HSH Nordbank USD 64.5 Supplemental**"). Under the HSH Nordbank USD 64.5 million Supplemental, the Company agreed, subject to certain conditions, to (i) amend some of the covenants governing this facility, until 31 December 2014, (ii) defer a minimum of approximately USD 3.5 million payments from 1 January 2013 until 31 December 2014, (iii) prepay USD 6.6 million with pledged cash already held by HSH Nordbank, (iv) require the Company to raise USD 20.0 million in equity (which condition was satisfied after the completion of a rights offering in July 2013), (v) increase the loan margins from 1 January 2013 until 31 December 2014, (vi) include a semi-annual cash sweep mechanism, under which all earnings of the mortgaged vessels after operating expenses, dry docking provision, general and administrative expenses and debt service, if any, will be used as prepayment to the balloon payment of the Supramax Tranche, and (vii) require the Company not to pay any dividends until 31 December 2014 or later in case of a covenant breach. When the Company sold the vessel *Star Sigma* in April 2013, the HSH Nordbank USD 64.5 million Supplemental also required the Company to use the proceeds from the sale to fully prepay the balance of the Capesize Tranche and use the remaining vessel sale proceeds to prepay a portion of the Supramax Tranche. As a result the next seven scheduled quarterly installments commencing in April 2013 were reduced pro rata from USD 0.8 million to USD 0.2 million.

On 29 June 2015, the Company and HSH Nordbank signed a supplemental agreement to amend certain covenants governing this facility until 31 December 2016.

In September 2016, the Company and HSH Nordbank signed a supplemental agreement to add the vessel *Star Zeta* as additional collateral.

As part of the Restructuring Transactions described above, the Company and HSH agreed to extend the maturity of this loan from September 2016 to August 2018.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

HSH Nordbank USD 35.0 million Facility

On 6 February 2014, the Company entered into a secured term loan agreement (the "**HSH Nordbank USD 35.0 million Facility**") with HSH Nordbank. The borrowings under this loan agreement were used to partially finance the acquisition cost of the vessels *Star Challenger* and *Star Fighter*. The HSH Nordbank USD 35.0 million Facility is secured by a first priority mortgage over the financed vessels. The borrowers under the HSH Nordbank USD 35.0 million Facility are the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. is the guarantor. This facility matures in February 2021 and is repayable in 28 equal, consecutive, quarterly installments, commencing in May 2014, of USD 0.3 million for each of the *Star Challenger* and *Star Fighter*, and a final balloon payment of USD 8.8 million and USD 9.3 million, payable together with the last installments for *Star Challenger* and *Star Fighter*, respectively.

On 29 June 2015, the Company and HSH Nordbank signed a supplemental agreement to amend certain covenants governing this facility until 31 December 2016.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

Deutsche Bank USD 39.0 million Facility

On 14 March 14, 2014, the Company entered into a USD 39.0 million secured term loan agreement with Deutsche Bank AG (the "**Deutsche Bank USD 39.0 million Facility**"). The borrowings under this loan agreement were used to partially finance the acquisition cost of the vessels *Star Sirius* and *Star Vega*. The Deutsche Bank USD 39.0 million Facility is secured by a first priority mortgage over the financed vessels. The borrowers under the Deutsche Bank USD 39.0 million Facility are the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. is the guarantor. This facility consists of two tranches of USD 19.5 million each and matures in March 2021. Each tranche is repayable in 28 equal, consecutive, quarterly installments of USD 0.4 million each, commencing in June 2014 and a final balloon payment of USD 8.6 million payable at maturity.

On 29 June 2015, the Company entered into a supplemental letter with Deutsche Bank AG to amend certain covenants governing this facility until 31 December 2016.

On 2 June 2016, the Company and Deutsche Bank AG signed a supplemental agreement to add the vessel *Star Vanessa* as additional collateral.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

On 8 December 2017, the Company took delivery of the vessel *Star Triumph,* which replaced the sold vessel *Star Vanessa* as a pledged vessel under the Deutsche Bank AG USD 39.0 million Facility.

As discussed in Section 10.5 «Recent Developments», this facility is expected to be fully refinanced by the DNB USD 310.0 million Facility agreed in April 2018.

DNB-SEB-CEXIM USD 227.5 million Facility

On 31 March 2015, the Company entered into an agreement with DNB Bank ASA as facility agent, security agent account bank and bookrunner, DNB Bank ASA and the Export-Import Bank of China (CEXIM) as mandated lead arrangers and DNB Bank ASA, Skandinaviska Enskilda Banken AB ("SEB") and CEXIM as original lenders (the "**DNB-SEB-CEXIM USD 227.5 million Facility**") for up to USD 227.5 million to partially finance the construction cost of six newbuilding vessels, *Gargantua* (ex-HN166), *Goliath* (ex-HN167), *Maharaj* (ex-HN184), Star Poseidon (ex-HN198), *Star Aries* (ex-HN1338) and Star Taurus (ex-HN1339)). The financing is available in six separate tranches, one for each newbuilding vessel. As a result of the sale of the *Star Aries* and the *Star Taurus*, the Company did not draw down two tranches under this facility. The first tranche of USD 32.4 million and the second and third tranches of USD 30.3 million each were drawn, upon the delivery of the vessels *Gargantua*, *Goliath* and *Maharaj*, in 2015. The fourth tranche of USD 23.4 million was drawn, upon the delivery of the vessel *Star Poseidon* in February 2016. The tranches are repayable in 24 quarterly consecutive installments ranging between USD 0.4 million and USD 0.5 million, with the first becoming due and payable three months from the drawdown date of each tranche and a final balloon installment for each tranche, ranging between USD 14.6 million and USD 20.2 million payable simultaneously with the 24th instalment. The DNB-SEB-CEXIM USD 227.5 million Facility is secured by a first priority cross-collateralized mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On 29 June 2015, the Company signed a supplemental letter with the lenders under this facility to amend certain covenants governing this facility until 31 December 2016.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

As discussed in Section 10.5 «Recent Developments», this facility is expected to be fully refinanced by the DNB USD 310.0 million Facility agreed in April 2018.

ABN AMRO USD 87.5 million Facility

On 1 August 2013, Oceanbulk Shipping entered into a USD 34.5 million credit facility with ABN AMRO, N.V. (the "**ABN AMRO USD 87.5 million Facility**") in order to partially finance the acquisition cost of the vessels *Obelix* and *Maiden Voyage*. The loans under the ABN AMRO USD 87.5 million Facility were available in two tranches of USD 20.4 million and USD 14.1 million. On 6 August 2013, Oceanbulk Shipping drew down the available tranches. On 18 December 2013, the ABN AMRO USD 87.5 million Facility was amended to add an additional loan of USD 53.0 million to partially finance the acquisition cost of the vessels *Big Bang, Strange Attractor, Big Fish* and *Pantagruel*. On 20 December 2013, Oceanbulk Shipping drew down the available tranches. The tranche under the ABN AMRO USD 87.5 million Facility relating to vessel *Obelix* was to have matured in September 2017, the one relating to vessel *Maiden Voyage* was to have matured in August 2018 and those relating to vessels *Big Bang, Strange Attractor, Big Fish and Pantagruel* mature in December 2018. The tranches are repayable in quarterly consecutive installments ranging between USD 0.2 million to USD 0.6 million and a final balloon payment for each tranche at maturity, ranging between USD 2.5 million and USD 12.8 million. The ABN AMRO USD 87.5 million Facility is secured by a first-priority ship mortgage on the financed vessels and general and specific assignments and was guaranteed by Oceanbulk Shipping LLC. Following the completion of the merger with Oceanbulk, discussed in section 6.2, Star Bulk Carriers Corp. replaced Oceanbulk Shipping as guarantor of the ABN AMRO USD 87.5 million Facility.

On 29 June 2015, the Company signed a supplemental letter with ABN AMRO to amend certain covenants governing this facility until 31 December 2016.

In August 2015 and March 2016, the tranches relating to the vessels *Maiden Voyage and Obelix* were fully repaid, following the sale of the respective vessels.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

As discussed in Section 10.5 «Recent Developments» section, this facility is expected to be fully refinanced by the DNB USD 310.0 million Facility agreed in April 2018.

Deutsche Bank USD 85.0 million Facility

On 20 May 2014, Oceanbulk Shipping entered into a loan agreement with Deutsche Bank AG Filiale Deutschlandgeschaft for the financing of an aggregate amount of USD 85.0 million (the "**Deutsche Bank USD 85.0 million Facility**"), in order to partially finance the construction cost of the newbuilding vessels *Magnum Opus*, *Peloreus and Leviathan*. Each tranche matures five years after the drawdown date. The applicable tranches were drawn down concurrently with the deliveries of the financed vessels, in May, July and September 2014, respectively. Each tranche is subject to 19 quarterly amortization payments equal to 1/60th of the tranche amount, with the 20th payment equal to the remaining amount outstanding on the tranche. The Deutsche Bank USD 85.0 million Facility is secured by first priority cross-collateralized ship mortgages on the financed vessels and general and specific assignments and was originally guaranteed by Oceanbulk Shipping. On 4 July 2014, an amendment to the Deutsche Bank USD 85.0 million Facility was executed in order to add ITF International Transport Finance Suisse AG as a lender. On 4 November 2014, a supplemental letter was signed to replace Oceanbulk Shipping with Star Bulk Carriers Corp. as guarantor of this facility.

On 29 June 2015, the Company signed a supplemental letter with Deutsche Bank AG Filiale Deutschlandgeschaft to amend certain covenants governing this facility until 31 December 2016.

In March 2016, the Company fully repaid the tranche relating to the vessel *Magnum Opus,* following the sale of the respective vessel.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

As discussed in Section 10.5 «Recent Developments», this facility is expected to be fully refinanced by the ING USD 45.0 million Facility agreed in April 2018.

HSBC USD 86.6 million Facility

On 16 June 2014, Oceanbulk Shipping entered into a loan agreement with HSBC Bank plc. (the "**HSBC USD 86.6 million Facility**") for the financing of an aggregate amount of USD 86.6 million, to partially finance the acquisition cost of the second hand vessels *Kymopolia*, *Mercurial Virgo*, *Pendulum*, *Amami* and *Madredeus*. The loan, which was drawn in June 2014, matures in May 2019 and is repayable in 20 quarterly installments, commencing three months after the drawdown, of USD 1.6 million plus a balloon payment of USD 55.5 million due together with the last installment. The HSBC USD 86.6 million Facility is secured by a first priority mortgage over the financed vessels and general and specific assignments and was originally guaranteed by Oceanbulk Shipping. On 11 September 2014, a supplemental agreement to the HSBC Facility was executed in order to replace Oceanbulk Shipping with Star Bulk Carriers Corp. as guarantor of the HSBC USD 86.6 million Facility.

On 29 January 2016, we and HSBC Bank plc signed a supplemental agreement to add the vessel *Star Emily* as additional collateral.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

NIBC USD 32.0 million Facility

On 7 November 2014, the Company and NIBC Bank N.V. entered into an agreement with respect to a credit facility (the "**NIBC USD 32.0 million Facility**") for the financing of an aggregate amount of up to USD 32.0 million, which is available in two tranches of USD 16.0 million, to partially finance the construction cost of two new building vessels, *Star Acquarius* (ex-HN 5040) and *Star Pisces* (ex-HN 5043). The Company drew USD 15.2 million for each vessel in July and August 2015, respectively concurrently with the delivery of the relevant vessels. Each tranche is repayable in consecutive quarterly installments of USD 0.3 million, commencing three months after the drawdown of each tranche, plus a balloon payment of USD 9.6 million and USD 9.9 million, respectively, both due in November 2020. The NIBC USD 32.0 million Facility is secured by a first priority cross collateralized mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On 29 June 2015, the Company signed a supplemental letter with NIBC Bank N.V to amend certain financial covenants governing this facility until 31 December 2016.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

DVB USD 24.8 million Facility

On 30 October 2014, the Company entered into a credit facility with DVB Bank SE, Frankfurt (the "**DVB USD 24.8 million Facility**") to partially finance the acquisition of 100% of the equity interests of Christine Shipco LLC, which is the owner of the vessel *Star Martha* (ex-*Christine*), one of the Excel Vessels. On 31 October 2014, the Company drew USD 24.8 million to pay Excel the related cash consideration. The DVB USD 24.8 million Facility is repayable in 24 consecutive, quarterly principal payments of USD 0.9 million for each of the first four quarters and of USD 0.5 million for each of the remaining 20 quarters, with the first becoming due and payable three months from the drawdown date, and a balloon payment of USD 12.2 million payable simultaneously with the last quarterly installment, which is due in October 2020. The DVB USD 24.8 million Facility is secured by a first priority pledge of the membership interests of the Christine Shipco LLC and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On 29 June 2015, the Company signed a supplemental letter with DVB Bank SE, Frankfurt to amend certain covenants governing this facility until 31 December 2016.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

Sinosure Facility

On 22 December 2014, the Company executed a binding term sheet with Deutsche Bank (China) Co., Ltd. Beijing Branch and HSBC Bank plc (the "**Sinosure Facility**") for the financing of an aggregate amount of up to USD 156.5 million to partially finance the construction cost of eight newbuilding vessels, *Honey Badger* (ex-HN NE 164), *Wolverine (ex*-HN NE 165), *Star Antares* (ex-HN NE 196), *Star Lutas* (ex-HN NE 197), *Kennadi* (ex-HN 1080), *Mackenzie* (ex-HN 1081), and two other newbuilding vessels for which the construction contracts were subsequently terminated and the corresponding available tranches were cancelled (the "**Sinosure Financed Vessels**"). The financing under the Sinosure Facility was available in eight separate tranches, one for each Sinosure Financed Vessel, and is credit insured (95%) by China Export & Credit Insurance Corporation. Each tranche, which is documented by a separate credit agreement, which were all signed on 11 February 2015, matures 12 years after each drawdown, which took place at or around the time each vessel was delivered to us, and is repayable in 48 equal and consecutive quarterly installments. The Sinosure Facility is secured by a first priority cross collateralized mortgage over the Sinosure Financed Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp. The vessels *Honey Badger* and *Wolverine* were delivered to us in February 2015. The vessel *Star Antares* was delivered to the Company in October 2015. The vessels *Star Lutas* and *Kennadi* were delivered to the Company in early January 2016 and the vessel *Mackenzie* was delivered in March 2016.

On 2 September 2015, the Company signed a supplemental letter agreement with Deutsche Bank (China) Co., Ltd. Beijing Branch and HSBC Bank plc to amend certain covenants governing the existing credit agreements from 26 June 2015 until 31 December 2016.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

Citi Facility

On 22 December 2014, the Company entered into a credit facility with Citibank, N.A., London Branch (the "**Citi Facility**") to provide financing up to USD 100.0 million, in lieu of the Excel Vessel Bridge Facility, in connection with the acquisition of vessels *Star Pauline*, *Star Despoina*, *Star Angie*, *Star Sophia*, *Star Georgia*, *Star Kamila* and *Star Nina,* which are seven of the Excel Vessels that were acquired (the "**Citi Financed Excel Vessels**"). The first tranche of USD 51.5 million was drawn on 23 December 2014, and the second tranche of USD 42.6 million was drawn on 21 January 2015. The Company used amounts drawn under the Citi Facility to repay portion of the Excel Vessel Bridge Facility in respect of those Citi Financed Excel Vessels. The Citi Facility matures on 30 December 2019. The Citi Facility is repayable in 20 equal, consecutive, quarterly principal payments of USD 3.4 million, with the first installment due on 30 March 2015, and a balloon installment of USD 26.3 million payable simultaneously with the last quarterly installment. The Citi Facility is secured by a first priority mortgage over the Citi Financed Excel Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On 30 June 2015, the Company signed a supplemental agreement with Citibank, N.A., London Branch to amend certain covenants governing this agreement until 31 December 2016.

In December 2016, the tranche relating to the vessel *Star Despoina* was fully repaid, following the sale of such vessel.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

As discussed in the Section 10.5«Recent Developments», this facility is expected to be fully refinanced by the Citi USD 130.0 million Facility agreed in April 2018.

Heron Vessels Facility

In November, 2014, the Company entered into a secured term loan agreement with CiT Finance LLC (the "**Heron Vessels Facility**"), in the amount of USD 25.3 million, in order to partially finance the acquisition cost of the two Heron Vessels, *Star Gwyneth* and *Star Angelina.* The drawdown of the financed amount incurred in December 2014, when the Company took delivery of the Heron Vessels. The Heron Vessels Facility matures on 30 June 2019 and is repayable in 19 equal consecutive, quarterly principal payments of USD 0.7 million (with the first becoming due and payable on 31 December 2014), and a balloon installment payable at maturity equal to the then outstanding amount of the loan. The Heron Vessels Facility is secured by a first priority mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On 1 July 2015, the Company signed a supplemental letter with CiT Finance LLC to amend certain financial covenants governing this agreement from 30 June 2015 until 31 December 2016 and to add the vessel *Star Aline* as collateral under this agreement. In connection with the sale of the *Star Aline* in August 2016, the Company repaid the amount attributable to this vessel, in accordance with the provisions of the Heron Vessels Facility.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

In July 2017, the Company refinanced the Heron Vessels Facility with Tranche B of the ABN Amro Bank N.V. USD 30.8 million Facility described below.

DNB USD 120.0 million Facility

On 29 December 2014, the Company entered into an agreement with DNB Bank ASA as facility agent, security agent account bank and bookrunner, DNB Bank ASA, NIBC Bank N.V and Skandinaviska Enskilda Banken AB as original lenders, mandated lead arrangers and hedge counterparties (the "**DNB USD 120.0 million Facility**"), to provide financing for up to USD 120.0 million, in lieu of the Excel Vessel Bridge Facility, in connection with the acquisition of vessels *Star Nasia*, *Star Monisha*, *Star Eleonora, Star Danai, Star Renee, Star Markella, Star Laura, Star Moira, Star Jennifer*, *Star Mariella, Star Helena and Star Maria*, which are 12 of the Excel Vessels we have acquired (the "**DNB Financed Excel Vessels**"). The Company drew USD 88.3 million in December 2014, USD 9.5 million in January 2015, USD 9.5 million in February 2015 and USD 7.8 million in April 2015.

The Company used amounts drawn under the DNB USD 120.0 million Facility to repay portion of the amounts drawn under the Excel Vessel Bridge Facility relating to the DNB Financed Excel Vessels. The DNB USD 120.0 million Facility matures in December 2019 and is repayable in 20 equal, consecutive, quarterly principal payments of USD 4.4 million, with the first installment due in March 2015, and a balloon installment of USD 29.2 million payable simultaneously with the 20th installment. The DNB USD 120.0 million Facility is secured by a first priority mortgage over the DNB Financed Excel Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On 29 June 2015, the Company signed a supplemental letter with the lenders under this facility to amend certain covenants governing this agreement until 31 December 2016.

In August 2016, the total proceeds from the sale of the *Star Monisha* were applied towards the prepayment of the loan.

Please see above for information regarding the related Supplemental Agreement executed pursuant to the RLAs.

On 24 July 2017, the Company took delivery of the second-hand Supramax vessel *Diva*, which replaced the sold vessel *Star Eleonora* as a pledged vessel under the DNB USD 120.0 million Facility.

As discussed in Section 10.5 «Recent Developments», this facility is expected to be fully refinanced by the DNB USD 310.0 million Facility agreed in April 2018.

ABN AMRO Bank N.V. USD 30.8 million Facility

On 23 June 2017, the Company executed a loan agreement with ABN AMRO Bank N.V. for an aggregate principal amount of USD 30.8 million, available in two tranches. Tranche A, with a principal amount of USD 16.0 million, was drawn down on 27 June 2017 to partially finance the acquisition of *Star Charis* and *Star Suzanna*. This tranche matures in June 2022 and is repayable in 20 quarterly installments, commencing in September 2017, the first four of which are USD 1.0 million and the remaining 16 of which are USD 0.36 million, and a final balloon payment of USD 6.2 million, payable together with the last installment. Tranche B, with a principal amount of USD 14.8 million, was drawn down on 7 July 2017 to refinance the outstanding debt under the Heron Vessels Facility, as described above. Tranche B is secured by *Star Angelina* and *Star Gwyneth*. This tranche matures in July 2022 and is repayable in 17 equal quarterly installments of USD 0.64 million, commencing in July 2018, and a final balloon payment of USD 4.0 million, payable together with the last installment.

As discussed in Section 10.5 «Recent Developments», this facility is expected to be fully refinanced by the DNB USD 310.0 million Facility agreed in April 2018.

All of the Company's bank loans bear interest at LIBOR plus a margin.

Under all loan agreements, the Company is not allowed to pay dividends until all Deferred Amount have been repaid in full. Additionally, the Company may not pay dividends or distributions if an event of default has occurred and is continuing or would result from such dividend or distribution.

The Company's outstanding credit facilities and senior notes generally contain customary affirmative and negative covenants, on a subsidiary level, including limitations to:

- pay dividends if there is an event of default under the Company's credit facilities or the Deferred Amounts have not been repaid in full;
- incur additional indebtedness, including the issuance of guarantees, refinance or prepay any indebtedness, unless certain conditions exist;
- create liens on Company's assets, unless otherwise permitted under Company's credit facilities;
- change the flag, class or management of Company's vessels or terminate or materially amend the management agreement relating to each vessel;
- acquire new or sell vessels, unless certain conditions exist;
- merge or consolidate with, or transfer all or substantially all Company's assets to, another person; or
- enter into a new line of business.

Furthermore, the Company's credit facilities and senior notes contain financial covenants requiring the Company to maintain various financial ratios, including:

- a minimum percentage of aggregate vessel value to secured loans (security cover ratio or "SCR");
- a maximum ratio of total liabilities to market value adjusted total assets;
- a minimum EBITDA to interest coverage ratio;
- a minimum liquidity; and
- a minimum market value adjusted net worth.

As of 31 March 2018 and 31 December 2017, the Company was in compliance with the applicable financial and other covenants contained in its loan agreements.

Redemption of 2019 Notes and Issuance of 2022 Notes

On 6 November 2014, the Company issued USD 50.0 million aggregate principal amount of 8.00% Senior Notes due 2019 (the "**2019 Notes**"). The net proceeds were USD 48.4 million. On 9 November 2017, the Company issued USD 50.0 million aggregate principal amount of 8.30% Senior Notes due 2022 (the "**2022 Notes**"). The proceeds were USD 50.0 million were applied to redeem the 2019 Notes on 11 December 2017 at an aggregate redemption price of 100% of the outstanding principal amount, plus accrued and unpaid interest to, but not including, the date of redemption. The 2022 Notes mature in November 2022 and are senior, unsecured obligations of Star Bulk Carriers Corp. The 2022 Notes are not guaranteed by any of the Company's subsidiaries.

The 2022 Notes bear interest at a rate of 8.30% per annum, payable quarterly in arrears on the 15th of February, May, August and November of each year, commencing on 15 February 2018. The Company may redeem the 2022 Notes, in whole or in part, at any time on or after 15 May 2019 at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Prior to 15 May 2019, the Company may redeem the 2022 Notes, in whole or in part, at a price equal to 100% of their principal amount plus a make-whole premium and accrued interest to the date of redemption. In addition, the Company may redeem the 2022 Notes in whole, but not in part, at any time, at a redemption price equal to 100% of their principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if certain events occur involving changes in taxation.

The indenture governing the 2022 Notes requires the Company to maintain a maximum ratio of net debt to consolidated total assets and a minimum consolidated tangible net worth. The indenture governing the 2022 Notes also contains various negative covenants, including a limitation on asset sales and a limitation on restricted payments. The indenture governing the 2022 Notes prevents the Company from paying dividends if the two above financial ratios are not met. The indenture governing the 2022 Notes also contains other customary terms and covenants, including that upon certain events of default occurring and continuing, either the Trustee or the holders of not less than 25% in aggregate principal amount of the 2022 Notes then outstanding may declare the entire principal amount of all the 2022 Notes plus accrued interest, if any, to be immediately due and payable. Upon certain change of control events, the Company is required to offer to repurchase the 2022 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of redemption. If the Company receives net cash proceeds from certain asset sales and do not apply them within a specified deadline, the Company will be required to apply those proceeds to offer to repurchase the 2022 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of redemption.

As of 31 March 2018 and 31 December 2017, the Company was in compliance with the applicable financial and other covenants contained in the 2022 Notes.

10.7.3 Bareboat Charters

In 2013 the Company entered into separate bareboat charter party contracts with affiliates of New Yangzijiang shipyards for the construction of the Ultramax vessels *Idee Fixe* (ex-HN 1063), *Roberta* (ex-HN 1061), *Laura* (ex-HN 1062) and *Kaley* (ex-HN 1064). The vessels were constructed pursuant to four shipbuilding contracts entered into between four pairings of affiliates of New Yangzijiang. Each pair has one shipyard party (each, a "**New YJ Builder**") and one ship-owning entity (each a "**New YJ Owner**"). Delivery of each vessel to the Company was deemed to occur upon delivery of the vessel to the New YJ Owner from the corresponding New YJ Builder. Pursuant to the terms of the bareboat charters, the Company was required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount of USD 20.7 million for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, is financed by the relevant New YJ Owner, to whom the Company pays a pre-agreed daily bareboat charter hire rate on a 30-days advance basis. Following each vessel's delivery, the Company has monthly purchase options to acquire the vessel at pre-determined, amortizing-during-the-charter-period prices and on the eighth anniversary of the delivery of each vessel, the Company has the obligation to purchase the vessel at a purchase price of USD 6.0 million. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the four vessels. The four vessels were delivered to the Company on 25 March 2015, 31 March 2015, 7 April 2015 and 26 June 2015, respectively.

In 2013 the Company entered into separate bareboat charter party contracts with affiliates of SWS for the construction of the Newcastlemax vessels *Star Marisa* (ex- HN 1359), *Star Ariadne* (ex-HN 1360) and the HN 1361 (tbn *Star Magnanimus*). Each pair has one shipyard party (each, an "**SWS Builder**") and one ship-owning entity (each an "**SWS Owner**"). Delivery of each vessel to the Company is deemed to occur upon delivery of the vessel to the SWS Owner from the corresponding SWS Builder. Pursuant to the terms of the bareboat charter, the Company is required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount ranging from USD 40.0 million to USD 43.2 million for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, is financed by the relevant SWS Owner, to whom the Company is required to pay a daily bareboat charter hire rate payable monthly plus a variable amount. After each vessel's delivery, the Company has monthly purchase options to acquire the vessel at pre-determined, amortizing-during-the-charter-period prices. On the tenth anniversary from the delivery of each vessel, we have the obligation to purchase the vessel at a purchase price ranging from USD 12.0 million to USD 12.9 million. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the three vessels. The Company took delivery of the *Star Marisa* (ex-HN 1359) during the year ended 31 December 2016, of the *Star Ariadne* during the year ended 31 December 2017 and *Star Magnanimus* in March 2018.

On 17 February 2014, the Company entered into separate bareboat agreements with CSSC (Hong Kong) Shipping Company Limited ("**CSSC**"), an affiliate of SWS, to bareboat charter for ten years two fuel efficient Newcastlemax vessels, each with a cargo carrying capacity of 208,000 deadweight tons. The vessels were constructed pursuant to shipbuilding contracts entered into between two pairings of affiliates of SWS. Each pair had one shipyard party (each, an "**SWS Builder**") and one ship-owning entity (each an "**SWS Owner**"). Delivery to the Company of each vessel was deemed to occur upon delivery of the vessel to the SWS Owner from the corresponding SWS Builder. Pursuant to the terms of the bareboat charters, the Company is required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount of USD 43.2 million and USD 40.0 million, respectively, for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, was financed by the relevant SWS Owner, to whom the Company pays a daily bareboat charter hire rate payable monthly plus a variable amount. Under the terms of the bareboat charters, the Company has the option to purchase the corresponding vessel at any time following delivery, such option being exercisable on a monthly basis against a predetermined, amortizing-during-the-charter-period prices whilst the Company has the obligation to purchase the two vessels at the expiration of the bareboat term at a purchase price of USD 13.0 million and USD 12.0 million, respectively. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the corresponding vessels. The Company took delivery of the *Star Libra* (ex-HN 1372) during the year ended 31 December 2016, while the *Star Virgo* (ex- HN 1371) was delivered in March 2017.

In order to finance the delivery installment of vessel *Star Eleni* (ex-HN 1342), on 13 December 2017, the Company sold the vessel and simultaneously entered into a bareboat charter party contract with CSSC to bareboat charter the vessel for ten years. Pursuant to the terms of the bareboat charter, an amount of USD 30.0 million, for the construction cost of the vessel, corresponding to the delivery installment to the shipyard, was financed by CSSC, to whom the Company pays a daily bareboat charter hire rate payable monthly plus a variable amount. The difference between the sale price of the vessel and the finance amount of USD 30.0 million was considered to be upfront hire and was agreed to be set-off against part of the sale price. Under the terms of the bareboat charter, the Company has the option to purchase the vessel at any time after vessel's delivery, such option being exercisable on a monthly basis against pre-determined, amortizing-during-the-charter-period prices whilst it has a respective obligation of purchasing the vessel at the expiration of the bareboat term at a purchase price of approximately USD 9.0 million. Upon the earlier of the exercise of the purchase option or the expiration of the bareboat charter, the Company will own the vessel, which was delivered to the Company from the shipyard on 3 January 2018.

As of 31 March 2018, the Company had one Newcastlemax dry bulk carrier vessel on order at SWS in China, HN 1343 (tbn *Star Leo*) which was delivered to the Company on 14 May 2018. In order to finance the delivery installment of vessel HN 1343 (*Star Leo*) amounting to USD 35.7 million, on 2 May 2018, the Company entered into an agreement to sell the vessel and simultaneously enter into a bareboat charter party contract with CSSC (Hong Kong) Shipping Company Limited, or CSSC, an affiliate of Shanghai Waigaoqiao Shipbuilding Co., Ltd. ("**SWS**"), a Chinese shipyard, to bareboat charter the vessel for ten years upon delivery of the vessel from the shipyard. Pursuant to the terms of the bareboat charter, an amount of USD 30.0 million, for the construction cost of the vessel, as part of the delivery installment to the shipyard, was financed by CSSC, to whom the Company pays a daily bareboat charter hire rate payable monthly plus a variable amount. The difference between the sale price of the vessel and the finance amount of USD 30.0 million was considered to be upfront hire and was agreed to be set-off against part of the sale price. Under the terms of the bareboat charter, the Company has the option to purchase the vessel at any time after vessel's delivery, such option being exercisable on a monthly basis against pre-determined, amortizing-during-the-charter-period prices whilst it has a respective obligation of purchasing the vessel at the expiration of the bareboat term at a purchase price of approximately USD 9.0 million. Upon the earlier of the exercise of the purchase option or the expiration of the bareboat charter, the Company will own the vessel.

10.7.4 Financing of the Transactions

As further discussed in section 5.1, on or around 6 July 2018, together with completion of the Songa Transaction, the Company will enter into a five year sale and leaseback transaction with China Merchants Bank Leasing ("**CMBL**") in an aggregate amount of approximately USD 180 million ("**CMBL Financing**") in order to finance the Cash Consideration of the Songa Transaction with a margin of 280 bps, plus USD 35 million of additional liquidity/working capital for the Company.

In addition as part of the Augustea Transaction, the Company will assume debt of USD310 million consisting of debt financing and bareboat leases. Such debt of USD 310 million is existing debt of Augustea which will be transferred to the Star Bulk Group concurrently with the closing of the transaction. All Star Bulk lenders and Augustea lenders had granted their consent to the Augustea transaction before the announcement of the deal, on 20 April 2018. The Company and the Augustea lenders are in advanced stage of drafting the amendments to the Augustea facilities. The amended Augustea facilities provide –inter alia- for change of Guarantor. As further discussed in the "Recent Developments" section, an amount of approximately USD 65 million relating to 5 of the Augustea Vessels will be refinanced by the newly agreed Citi USD 130.0 million Facility.

Lastly, as regarding the OCC Vessels, CSSC (Hong Kong) Shipping Company Limited has agreed to provide finance at the lower of a) USD 104,400,000 and 80% of the fair market value of the OCC Vessels via a ten-year capital lease according to which the Company will have monthly purchase options which will fully finance the remaining capital expenditures. The bareboat documentation is fully executed.

10.7.5 Maturity Overview

The table below shows the contractual maturities of financial liabilities of the Group, including estimated interest payments, specified per category of interest bearing liabilities as of 31 December 2017.

USD thousands	Outstan-ding Principal	Payments Due by Period											
Loan		**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Variable rate debt:	1 009 846	937 844	832 794	689 779	575 810	458 680	215 790	182 408	130 227	78 982	26 339		
Whereof:													
Interest		32 665	52 994	47 874	39 343	-33 026	-23 058	13 667	11 100	(6 832,00)	(3 40,00)	(867,00)	
Instalment		72 002	105 050	143 015	113 969	117 130	-242 890	33 382	52 181	51 245	52 642	26 340	
Fixed rate debt:	50 000	50 000	50 000	50 000	50 000	50 000							
Whereof:													
Interest		2 422	4 150	4 150	4 150	3 627							
Instalment						50 000							
Debt accrued from the Transactions:	527 204	508 074	452 984	402 144	350 026	268 757	138 392	120 899	102 610	74 199	40 874	21 883	
Whereof:													
Interest		14 548	31 980	28 196	25 036	(21 311)	(14 612)	(9 833)	(8 515)	(5 956)	(3 560)	(2 517)	(248)
Instalment		19 130	55 090	50 840	52 118	(81 269)	(130 365)	(17 493)	(18 289)	(28 411)	(33 325)	(18 991)	(21 83)
Total	**1 587 050**	**1 495 918**	**1 335 778**	**1 141 923**	**975 836**	**777 437**	**354 182**	**303 307**	**232 837**	**153 181**	**67 213**	**21 883**	

10.8 Cash Flows

The table below summarizes the Company's consolidated net cash flow provided by operating activities, (used in) / provided by investing activities and (used in) / provided by financing activities for the year ended 31 December 2017, 2016 and 2015 and for the three months ended 31 March 2018. Please refer to Section 9 for more information in respect of how the statement of cash flow has been prepared.

	Years ended December 31,			For the three months ended 31 March (unaudited)	
	2015	**2016**	**2017**	**2017**	**2018**
Cash Flows from Operating Activities:					
Net income / (loss)	(458,177)	(154,228)	(9,771)	(15,950)	9,900
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:					
Depreciation	82,070	81,935	82,623	19,645	21,168
Amortization of fair value of above market acquired time charters	9,540	254	-	-	-
Amortization of debt issuance costs	2,732	2,855	2,660	641	676
Loss on debt extinguishment	974	2,375	1,257	358	-
Impairment loss	321,978	29,221	-	-	-

Loss / (gain) on sale of vessels	20,585	15,248	(2,598)	369	-
Stock-based compensation	2,684	4,166	9,267	2,650	1,062
Non-cash effects of derivative financial instruments	(121)	(4,182)	(1,821)	(975)	(388)
Loss on time-charter agreement termination	2,114	-	-	-	-
Change in fair value of forward freight derivatives	-	(41)	(36)	714	917
Other non-cash charges	38	112	144	21	63
Amortization of deferred gain	(22)	(75)	(52)	(18)	-
Write-off of claim receivable	-	225	-	-	-
Gain on hull and machinery claim	-	(1,472)	(456)	-	-
Equity in income of investee	(210)	(126)	(93)	(33)	(6)
Changes in operating assets and liabilities:					
(Increase)/Decrease in:					
Trade accounts receivable	13,876	(1,683)	(5,949)	(2,122)	(4,726)
Inventories	121	(184)	(4,811)	(519)	200
Prepaid expenses and other current assets	(8,497)	3,142	(43)	(77)	(4,236)
Due from related parties	(964)	287	745	690	(16)
Due from managers	-	(1,430)	1,430	1,430	-
Increase/(Decrease) in:					
Accounts payable	(5,276)	(4,236)	4,709	(897)	3,981
Due to related parties	(1,744)	(66)	(127)	(222)	(59)
Accrued liabilities	1,465	(2,633)	(863)	(635)	(767)
Due to managers	2,291	(2,291)	1,420	907	3,794
Deferred revenue	(35)	(405)	5,169	352	19
Net cash provided by / (used in) Operating Activities	(14,578)	(33,232)	82,804	6,329	31,582
Cash Flows from Investing Activities:					
Advances for vessels under construction and acquisition of vessels and other assets	(473,917)	(396,154)	(143,684)	(102,872)	(71,317)
Cash proceeds from vessel sales	70,300	380,193	15,153	7,656	-
Proceeds from cancellation of vessels under construction	5,800	-	-	-	-
Hull and machinery insurance proceeds	309	2,536	1,430	-	51
Net cash provided by / (used in) Investing Activities	(397,508)	(13,425)	(127,101)	(95,216)	(71,266)
Cash Flows from Financing Activities:					
Proceeds from bank loans and capital leases	373,993	151,763	160,780	79,937	69,984
Loan prepayments and repayments	(244,529)	(181,201)	(86,262)	(2,982)	(39,484)
Financing fees paid	(13,094)	(474)	(2,910)	(110)	-
Proceeds from issuance of common stock	418,771	50,589	51,454	51,454	-
Offering expenses paid related to the issuance of common stock	(974)	(311)	(1,027)	(857)	-
Net cash provided by / (used in) Financing Activities	534,167	20,366	122,035	127,442	30,500

Net increase/(decrease) in cash and cash equivalents and restricted cash	122,081	(26,291)	77,738	38,555	(9,184)
Cash and cash equivalents and restricted cash at beginning of period	99,972	222,053	195,762	195,762	273,500
Cash and cash equivalents and restricted cash at end of period	222,053	195,762	273,500	234,317	264,316

Net cash provided by operating activities for the first quarter of 2018 was USD 31.6 million, whereas net cash provided by operating activities for the first quarter of 2017 was USD 6.3 million.

The positive change was due to: (i) the significant recovery of the dry bulk market during the first quarter of 2018 which resulted in a significantly higher TCE rate of USD 12,586 compared to USD 8,156 for the first quarter 2017 and is also reflected in the increase of Adjusted EBITDA to USD 46.4 million for the first quarter 2018 from USD 18.1 million for the corresponding period in 2017, and (ii) a marginal net working capital inflow during the first quarter 2018 compared to a USD 1.1 million working capital outflow for the first quarter 2017. These positive factors were partially offset by higher net interest expense for the first quarter 2018 compared to the corresponding period in 2017.

Net cash used in investing activities for the first quarter 2018 and 2017 was USD 71.3 million and USD 95.2 million, respectively.

For the first quarter 2018, net cash used in investing activities consisted of:

- USD 71.3 million paid for advances and other capitalized expenses for the Company's newbuilding and newly delivered vessels;

offset partially by:

- USD 0.05 million of hull and machinery insurance proceeds.

For the first quarter of 2017, net cash used in investing activities consisted of:

- 102.9 million paid for advances and other capitalized expenses for the Company's newbuilding and newly delivered vessels;

offset partially by:

- USD 7.7 million of proceeds from the sale of vessels.

Net cash provided by financing activities for the first quarter 2018 and 2017 was USD 30.5 million and USD 127.4 million, respectively.

For the first quarter 2018, net cash provided by financing activities consisted of:

- USD 70.0 million increase in capital lease obligations, relating to two delivered newbuilding vessels, under bareboat charters;

offset partially by:

- USD 39.5 million paid in aggregate in connection with: (i) the regular amortization of outstanding vessel financings, (ii) capital lease instalments and (iii) the excess cash for the quarter ended 31 December 2017, paid pursuant to the cash sweep mechanism in the Company's Supplemental Agreements, during the first quarter 2018;

For the first quarter of 2017, net cash provided by financing activities consisted of:

- an increase in capital lease obligations of USD 79.9 million, relating to two delivered newbuilding vessels, under bareboat charters; and
- USD 50.6 million of proceeds from a private placement of the Company's common shares, which was completed in February 2017, which is net of aggregate private placement agent's fees and expenses of USD 0.9 million;

offset partially by:

- an aggregate of USD 3.0 million paid in connection with the capital lease instalments and the partial prepayment of a loan facility due to the sale of the corresponding mortgaged vessel; and
- financing fees of USD 0.1 million paid in connection with the restructuring of the Company's indebtedness.

Net cash provided by operating activities for the year ended 31 December 31 2017 was USD 82.8 million, whereas net cash used in operating activities for the year ended 31 December 2016 was USD 33.2 million.

The positive change was due to: (i) the significant recovery of the dry bulk market during the year ended 31 December 2017 which resulted in a significantly higher TCE rate of USD 10,393 compared to USD 6,208 for the year ended 31 December 2016, which is also reflected in the increase of Adjusted EBITDA to USD 128.0 million for the year ended 31 December 2017 from USD 21.7 million for 2016, and (ii) a slight net working capital inflow of USD 1.7 million during the year ended 31 December 2017 compared to a USD 9.5 million working capital outflow for the year ended 31 December 2016. These positive factors were partially offset by higher net interest expense for the year ended 31 December 2017 compared to the corresponding period in 2016.

Net cash used in investing activities for the year, ended 31 December 2017 and 2016 was USD 127.1 million and USD 13.4 million, respectively.

For the year ended 31 December 2017, net cash used in investing activities consisted of:

- USD 143.7 million paid for advances and other capitalized expenses for the Company's newbuilding and newly delivered vessels;

offset partially by:

- USD 15.2 million of proceeds from the sales of the Star Eleonora and the Star Vanessa; and
- USD 1.4 million of hull and machinery insurance proceeds.

For the year ended 31 December 2016, net cash used in investing activities consisted of:

- USD 396.2 million paid for advances and other capitalized expenses for the Company's newbuilding and newly delivered vessels;

offset partially by:

- USD 380.2 million of proceeds from the sales of vessels from the Company's on-the-water fleet and the sales of certain newbuilding vessels, which were sold upon their delivery from the shipyard;
- USD 2.5 million of hull and machinery insurance proceeds.

Net cash provided by financing activities for the years ended 31 December 2017 and 2016 was USD 122.0 million and USD 20.4 million, respectively.

For the year ended 31 December 2017, net cash provided by financing activities consisted of:

- USD 79.9 million in increased capital lease obligations, relating to two delivered newbuilding vessels, under bareboat charters;

- USD 30.8 million of proceeds drawn under a loan facility used for the financing of the *Star Charis* and the *Star Suzanna* and the refinancing of the Heron Vessels Facility (as defined in the 2016 20-F);
- USD 50.0 million proceeds from the issuance of the Company's 8.30% senior unsecured notes due 2022, used to redeem in full the Company's 2019 Notes, in December 2017 (as described below) and
- USD 51.5 million of proceeds, net of aggregate private placement agent's fees and other offering expenses of USD 1.0 million, from a private placement of the Company's common shares completed in February 2017;

offset partially by:

- USD 21.4 million paid in aggregate in connection with: (i) the regular amortization of outstanding vessel financings, (ii) capital lease instalments, (iii) the partial prepayment of a loan facility due to the sale of the *Star Eleonora* (iv) the prepayment to the banks of an amount equal to 20% of the equity issuance proceeds used for the acquisition of four vessels during the period and (v) the excess cash for the quarter ended 30 September 2017, paid pursuant to the cash sweep mechanism in the Company's Supplemental Agreements;
- USD 14.8 million used for the prepayment in full of the Heron Vessels Facility;
- USD 50.0 used to redeem in full the 2019 Notes; and
- USD 0.9 million of financing fees, paid in connection with the restructuring of the Company's indebtedness and the new facility used for the financing of *Star Charis* and *Star Suzanna* and the refinancing of the Heron Vessels Facility and a further USD 2.1 million of financing fees, paid in connection with the issuance of the Company's senior unsecured notes due 2022.

For the year ended December 31, 2016, net cash provided by financing activities consisted of:

- USD 86.4 million in increased capital lease obligations for two delivered newbuilding vessels under bareboat charters;
- an aggregate of USD 65.4 million of proceeds from loan facilities for the financing of delivery instalments for four of the Company's newbuilding vessels delivered during this period; and
- USD 50.6 million of proceeds, net of underwriting discounts and commissions and other offering expenses of USD 0.3 million, from a public offering of the Company's common shares completed in September 2016;

offset partially by:

- USD 181.2 million paid in aggregate in connection with: (i) the regular amortization of outstanding vessel financings, (ii) capital lease instalments and (iii) mandatory prepayment of several loan facilities due to the sale of the corresponding mortgaged vessels; and
- USD 0.5 million of financing fees, paid in connection with the restructuring of the Company's indebtedness.

Net cash used in operating activities for the years ended 31 December 2016 and 2015 was USD33.2 million and USD 14.6 million, respectively.

The increase is due to: (i) a working capital outflow of USD 9.5 million mainly attributable to payments to our suppliers, for the year ended 31 December 2016, compared to a working capital inflow of USD 1.2 million for the corresponding period of 2015, (ii) higher net interest expense and (iii) higher Adjusted EBITDA.

Net cash used in investing activities for the years ended 31 December 2016 and 2015, was USD 13.4 million and USD 397.5 million, respectively.

For the year ended 31 December 2016, net cash used in investing activities consisted of:

- USD 396.2 million paid for advances and other capitalized expenses for our newbuilding and newly delivered vessels;

offset by:

- USD 159.9 million of proceeds from the sale of operating vessels;
- USD 220.3 million of proceeds from the sale of certain newbuilding vessels, which were sold upon their delivery from the shipyard; and
- USD 2.5 million of hull and machinery insurance proceeds.

For the year ended 31 December 2015, net cash used in investing activities consisted of:

- USD 434.3 million paid for advances and other capitalized expenses for our newbuilding vessels and newly delivered vessels;
- SD 39.5 million paid for the acquisition of secondhand vessels;
- USD 0.1 million for the acquisition of other fixed assets;

offset partially by:

- USD 70.3 million of proceeds from the sale of operating vessels;
- a one-time payment of USD 5.8 million received in connection with our agreement to reassign a lease for a newbuilding vessel back to the vessel's owner; and
- USD 0.3 million of hull and machinery insurance proceeds.

Net cash provided by financing activities for the years ended 31 December 2016 and 2015 was USD 20.4 million and USD 534.2 million, respectively.

For the year ended 31 December 2016, net cash provided by financing activities consisted of:

- proceeds from bank loans for an aggregate of USD 65.4 million for the financing of delivery installments for four delivered newbuilding vessels, and an increase in capital lease obligations of USD 86.4 million, relating to two delivered newbuilding vessels, under bareboat charters; and
- USD 50.3 million of proceeds from a public offering of our common shares, which was completed in September 2016, which is net of underwriting discounts and commissions of USD 0.9 million and offering expenses of USD 0.3 million,

offset partially by:

- an aggregate of USD 181.2 million paid in connection with the regular amortization of outstanding vessel financings, capital lease installments and the mandatory prepayment of several loan facilities due to the sale of corresponding mortgaged vessels mentioned above; and
- financing fees paid of USD 0.5 million in connection with the restructuring of our indebtedness.

10.9 Balance Sheet Data

Total Assets

As of 31 March 2018, the Group's total assets were USD 2,196.1 million compared to USD 2,145.8 million as of 31 December 2017, an increase which was primarily due to an increase in fixed assets, following the delivery of two newbuilding vessels Star Eleni and Star Magnanimus in January and March, 2018, respectively.

As of 31 December 2017, the Group's total assets were USD 2,145.8 million compared to USD 2,011.7 million as of 31 December 2016, an increase which was primarily due to an increase in cash and cash equivalents resulting from proceeds from a private placement and an increase in fixed assets, following the acquisition of four secondhand vessels and the delivery of two newbuilding vessels. This increase was partially offset by the effect from the sale of two of the Company's vessels.

As of 31 December 2016, the Group's total assets were USD 2,011.7 million compared to USD 2,148.8 million as of 31 December 2015, a decrease which was primarily due to a decrease in cash and cash equivalents and a decrease in vessels and newbuildings following the sales concluded during the year.

Total Equity

As of 31 March 2018, the Group's total equity was USD 1,097.4 million compared to USD 1,088.1 million as of 31 December 2017, an increase which was primarily due to the net income for the three month period ended 31 March 2018.

As of 31 December 2017, the Group's total equity was USD 1,088.1 million compared to USD 1,037.2 million as of 31 December 2016, an increase which was primarily due to a private placement with net proceeds of USD 50.4 million.

As of 31 December 2016, the Group's total equity was USD 1,037.2 million compared to USD 1,135.4 million as of 31 December 2015, a decrease which was primarily due to the net loss in the year ended 31 December 2016.

Total Liabilities

As of 31 March 2018, the Group's total liabilities were USD 1,098.7 million compared to USD 1,057.7 million as of 31 December 2017, an increase which was primarily due to incurrence of additional financing in the form of capital lease for the acquisition of the newbuilding vessels Star Eleni and Star Magnanimus, delivered in January and May, 2018, respectively.

As of 31 December 2017 the Group's total liabilities were USD 1,057.7 million compared to USD 974.5 million as of 31 December 2016, an increase which was primarily due to increase in capital lease obligations.

As of 31 December 2016, the Group's total liabilities were USD 974.5 million compared to USD 1,013.4 million as of 31 December 2015, a decrease which was primarily due to a decrease in long-term debt following the sales of the corresponding mortgaged vessels.

10.10 Restriction on Transfer of Funds

The Group's subsidiaries may, until all deferred amounts are repaid in full, not declare or pay any dividend or redeem or make any other distribution or payment excluding any payments required under the cash sweep mechanism. Please see description of The Restructuring Transactions for the implementation of cash sweep mechanism in Section 10.7. Please see further discussion for dividends in Section 13.

10.11 Funding and Treasury Policies

The Group's funding and treasury activities are conducted within corporate policies to maximize investment returns while maintaining appropriate liquidity for its requirements. Cash and cash equivalents are held primarily in United States dollars and primarily in cash or short term deposits.

The Group's bank financing has a floating interest rate exposure, with the exception of its 2022 Notes. The Group has also some interest rate derivatives which though mature in 2018 and may use interest rate derivatives to further adjust the position.

10.12 Working Capital Statement

As of the date of this Prospectus, the Company is of the opinion that the Group's working capital is sufficient for its present requirements and for at least the next twelve months from the date of this Prospectus.

10.13 Investing Activities

Principal Investments for the years ended 2015, 2016 and 2017 and up the date of this Prospectus

The following table, which is an extract from the Company's cash flow statement, presents the Company's cash outflows/inflows relating to its investing activities.

USD thousands	**Years ended 31 December (audited)**			**Three months ended 31 March (unaudited)**
	2015	**2016**	**2017**	**2018**
Cash Flows from Investing Activities:				
Advances for vessels under construction and acquisition of vessels and other assets	(473,917)	(396,154)	(143,684)	(71,317)
Cash proceeds from vessel sales	70,300	380,193	15,153	-
Proceeds from cancellation of vessels under construction	5,800	-	-	-
Hull and machinery insurance proceeds	309	2,536	1,430	51
Net cash provided by / (used in) Investing Activities	(397,508)	(13,425)	(127,101)	(71,266)

As also evidenced from the table below, the Company's principal investments for the years ended 31 December 2017, 2016, 2015 and up to date of this Prospectus have consisted of investments in newbuildings and second-hand vessels, as well as periodic maintenance.

The table below sets forth a summary of the capital expenditures of the Group for the years ended 31 December 2017, 2016 and 2015 and the three month period ended 31 March 2018:

USD thousands	**For the year ended December 31, (audited)**			**Three months ended 31 March, (unaudited)**
	2015	**2016**	**2017**	**2018**
Yard installments and advance payments for secondhand vessels(1)	447,902	387,274	138,120	68,848
Capitalized interest and finance costs(2)	15,220	4,412	2,423	344
Other capitalized costs(3)	10,795	4,468	3,141	2,125
Advances for vessels under construction and acquisition of vessels and other assets	473,917	396,154	143,684	71,317

(1) The amounts of «Yard instalments and advance payments for secondhand vessels», primarily consist of the purchase price paid as per newbuilding contract and as per memorandum of agreements for each vessel built or secondhand vessel acquired accordingly.
(2) The amounts of «Capitalized interest and finance costs» primarily consists of borrowing costs related to vessels under construction, including interest and commitment fees paid.
(3) The amount of «Other capitalized costs» primarily consists of expenses incurred until the delivery of the vessel such as supervision costs as well as initial repairs, improvements, delivery expenses and other expenditures to prepare the vessel for its initial voyage.

Following 31 March 2018 and until the date of this prospectus, the Company did not have any material investments other than the delivery of Star Leo on 14 May 2018, the delivery instalment of which of USD 35.3 million was financed by the incurrence of USD 30.0 million of capital lease obligations (See "Section 8 Capitalization and Indebtedness") and USD 5.3 million paid from own cash.

Principal Investments in Progress and Planned Principal Investments

As described above, the Group has agreed to acquire 15 dry-bulk vessels from Songa for a total consideration comprised of USD 144,550,000 in cash and a sellers' credit in the amount of USD 183,000,000 which on completion of the transaction is to be converted into 13,688,000 common shares of the Company (the "**Consideration Shares**"). By converting the sellers' credit into Consideration Shares, the Sellers' credit will be set-off and extinguished in its entirety. In addition, the Company agreed to acquire all outstanding warrants issued by Songa for 37,000 common shares of the Company, and USD 450,000 in cash, which warrants will be cancelled upon completion of the transaction. The Songa Transaction is expected to be completed within early July of 2018. In addition, the Company will acquire 16 vessels form Augustea in the Augustea Transaction. As consideration, the Company has agreed to issue approximately 10.5 million common shares to the sellers of the Augustea Vessels subject to adjustments for cash, debt and capex on the closing date. As part of the transaction, the Company will assume debt of USD 310 million. The Augustea Transaction is expected to be consummated within the third quarter of 2018. Lastly, as part of the OCC Transaction, the Company has acquired three newbuilding contracts for the three (3) OCC Vessels which are being constructed at Shanghai Waigaoqiao Shipbuilding Co. (SWS), with expected delivery dates during the fourth quarter of 2018 and the first quarter of 2019. Under the terms of the OCC Transaction the Company issued to the OCC shareholders an aggregate of 3,304,735 common shares of Star Bulk (the "**OCC Consideration Shares**") and assumed the remaining capital expenditure obligations of USD 103,843,788. CSSC (Hong Kong) Shipping Company Limited ("**CSSC**") has agreed to provide finance at the lower of a) USD 104,400,000 and 80% of the fair market value of the OCC Vessels via a ten-year capital lease according to which the Company will have monthly purchase options. For further information on these transactions, see Section 5 – "The Transactions". Currently and following completion of the Transactions, the Company will not have any other investments in progress, firm commitments or obligations to make significant future investments other than the delivery of the OCC Vessels in late 2018 and first quarter of 2019 which will be fully financed through the CSSC leasing arrangement as discussed above.

Please refer to Section 10.7 "Liquidity and Capital Recourses" for further description on financing arrangements for existing fleet and intended financing/anticipated sources of funds needed in connection with the Transactions.

10.14 Significant Recent Trends

The Company's market belief is that supply of vessels will grow at a slower pace over the next two years, given the low pace of deliveries expected as the current orderbook suggests (i.e. 9.9% of the fleet), while healthy dry bulk demand growth is expected to lead to a supply/demand balance that will be more favourable for ship owners following a period of oversupply. The Company expects a net fleet growth over the next two years between 1.5% -2.5%. The Company's beliefs of stronger dry bulk fundamentals suggest that fleet utilization will be running at a higher rate in 2018 than for 2017. Furthermore, as a result of a higher fleet utilization, the Company expects the positive spot freight levels seen in the second half of 2017 to continue in 2018.

10.15 Off-Balance Sheet Arrangements

As of the date of this prospectus, the Company does not have any off-balance sheet arrangements

10.16 Environmental Issues

The Company's operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which its vessels operate or are registered, which can significantly affect the ownership and operation of its vessels. These requirements include European Union regulations, the U.S. Oil Pollution

Act of 1990 ("**OPA**"), requirements of the U.S. Coast Guard and the U.S. Environmental Protection Agency (the "**EPA**"), the U.S. Clean Air Act, the U.S. Clean Water Act, the International Maritime Organization ("**IMO**"), International Convention on Civil Liability for Oil Pollution Damage of 1969 (the "**CLC**"), as from time to time amended, the IMO International Convention on Civil Liability for Bunker Oil Pollution Damage, the IMO International Convention for the Prevention of Pollution from Ships of 1973 ("**MARPOL**"), as from time to time amended, including the designation of Emission Control Areas thereunder, the IMO International Convention for the Safety of Life at Sea of 1974 ("**SOLAS**"), as from time to time amended, the IMO International Convention on Load Lines of 1966, as from time to time amended, and the U.S. Maritime Transportation Security Act of 2002. Compliance with such laws and regulations, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of the Company's vessels.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments (the "**BWM Convention**"), adopted by the UN International Maritime Organization in February 2004, calls for the phased introduction of mandatory reducing living organism limits in ballast water over time. In general, ships whose keel was laid after 8 September 2017 must comply with these requirements upon their delivery, while existing ships must comply by the first renewal of the International Oil Pollution Prevention certificate (the "**IOPP**") after 8 September 2019. Although the BWM Convention took effect on 8 September 2017 (or after 8 September 2019 in case no IOPP renewal has been credited between 8 September 2014 and 8 September 2017), it has not been ratified by the United States. The United States Coast Guard (the "**USCG**"), however, has adopted ballast water treatment regulations that impose ballast water discharge standards similar to those of the BWM Convention. The USCG has created mandatory testing procedures to prove a ballast water management system meets the USCG's discharge standards. The USCG has so far approved six mechanical systems that satisfy the USCG's regulations on ballast water treatment. The USCG previously provided five year waivers to vessels already fitted with the as-yet unapproved system from their scheduled compliance date. The USCG also provides extensions to compliance for vessels not presently fitted with ballast water treatment systems, with such extensions generally bringing USCG compliance dates closer to relevant requirements by BWM Convention. Vessels now requiring such a waiver will need to show why they cannot install the ballast water treatment. Compliance with such laws and regulations may require the Company to obtain certain permits or authorizations prior to commencing operations.

11. THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND EMPLOYEES

This Section provides summary information about the Board of Directors and the Executive Management of the Company and disclosures about their employment arrangements with the Company and other relations with the Company.

11.1 Overview

The affairs, business and property of the Company shall be managed by a Board to consist of such number of directors, not less than three, as shall be fixed by a vote of not less than 66 2/3% of the entire Board from time to time. The directors, other than those who may be elected by the holders of one or more series of preferred stock voting separately as a class pursuant to the provisions of a resolution of the Board providing for the establishment of any series of preferred stock, shall be divided into three classes, which shall be as nearly equal in number as possible. Each director shall serve his respective term of office until his successor shall have been elected and qualified, except in the event of his death, resignation or removal. No decrease in the number of directors shall shorten the term of any incumbent director. The directors need not be residents of the Marshall Islands or shareholders of the Corporation. Corporations may, to the extent permitted by law, be elected or appointed directors.

The Board shall elect a President, Secretary and Treasurer and such other officers as it may deem necessary. Officers may be of any nationality and need not be residents of the Marshall Islands. The Officers shall be elected annually by the Board at its first meeting following the annual election of directors, but in the event of the failure of the Board to so elect any officer, such officer may be elected at any subsequent meeting of the Board. The salaries of officers and any other compensation paid to them shall be fixed from time to time by the Board. The Board may at any meeting elect additional officers. Each officer shall hold office until the first meeting of the Board following the next annual election of directors and until his successor shall have been duly elected and qualified except in the event of the earlier termination of his term of office, through death, resignation, removal or otherwise. Subject to the provisions of any employment agreement approved by the Board, any officer may be removed by the Board at any time with or without cause. Any vacancy in an office may be filled for the unexpired position of the term of such office by the Board at any regular or special meeting.

11.2 Board of Directors and Executive Management

Board of Directors

The Company's Fourth Amended and Restated Articles of Incorporation provide that the Board of Directors shall constitute of not less than three members who serve a three year term. The directors are divided into three classes, which shall be as nearly equal in number as possible. Each director shall serve his respective three year term of office until his successor shall have been elected and qualified at the annual meeting of shareholders, except in the event of his death, resignation or removal. Shareholders may also nominate directors in accordance with procedures set forth in the Company's Third Amended and Restated Bylaws.
The Company's Board of Directors currently consists of the following members:

Name	Position	Served Since	Expiry of Term
Spyros Capralos	Chairman and Class C Director	2011	2019
Petros Pappas	Class C Director	2006	2019
Tom Søfteland	Class A Director	2006	2020
Koert Erhardt	Class B Director	2006	2018
Roger Schmitz	Class B Director	2013	2018
Mahesh Balakrishnan	Class A Director	2015	2020
Jennifer Box	Class B Director	2015	2018
Nikolaos Karellis	Class A Director	2016	2020

The Company's registered business address, Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, 96960, Marshall Islands, serves as c/o address for the members of the Board of Directors in relation to their directorship of the Company.

Set out below are brief biographies of the directors of the Company, along with disclosures about the companies and partnerships of which each director has been member of the administrative, management and supervisory bodies in the previous five years, including directorships and executive management positions in the Company and its subsidiaries.

Spyros Capralos, Chairman and Director

Mr. Spyros Capralos serves since July 2014 as the Non-Executive Chairman of the Company's board of directors and as a director. He is also the Chairman of the Compensation Committee. From February 2011 to July 2014, Mr Capralos served as the Company's Chief Executive Officer, President and director. Effective as of 1 January 2015, Mr. Capralos also serves as Chief Executive Officer of Oceanbulk Container Carriers LLC. From October 2004 to October 2010, Mr. Capralos served as Chairman of the Athens Exchange and Chief Executive Officer of the Hellenic Exchanges Group and for the period from 2008-2010 was also the President of the Federation of European Securities Exchanges. He was formerly Vice Chairman of the National Bank of Greece, Vice Chairman of Bulgarian Post Bank, Managing Director of the Bank of Athens and has a ten-year banking experience with Bankers Trust Company (now Deutsche Bank) in Paris, New York, Athens, Milan and London. In February 2013, Mr. Capralos was re-elected as President of the Hellenic Olympic Committee for a four-year term (2017-2021). Previously, he served as Secretary General of the Athens 2004 Olympic Games and Executive Director and Deputy Chief Operating Officer of the Organizing Committee for the Athens 2004 Olympic Games. He has been an Olympic athlete in water polo and has competed in the Moscow (1980) and the Los Angeles (1984) Olympic Games. He studied economics at the University of Athens and earned his Master Degree in Business Administration from INSEAD University in France.

Current other directorships and management positions..	Oceanbulk Container Carriers LLC (CEO) Hellenic Olympic Committee (President) EUROCLINIC ATHENS S.A. (Non-executive Chairman of the Board of Directors) GEK TERNA S.A. (Independent member of the Board)
Previous directorships and management positions held during the last five years	None

Petros Pappas, Director

Mr. Petros Pappas serves since July 2014 as the Company's CEO and as a director on the Company's board of directors. Mr. Pappas served from the Company's inception up to July 2014 as the Company's non-executive Chairman of the board of directors and director. He served as a member of Star Maritime's board of directors since its inception. Throughout his career as a principal and manager in the shipping industry, Mr. Pappas has been involved in approximately 300 vessel acquisitions and disposals. In 1989, he founded Oceanbulk Maritime S.A., a dry cargo shipping company that has operated managed vessels aggregating as much as 1.6 million deadweight tons of cargo capacity. He also founded Oceanbulk affiliated companies, which are involved in the ownership and management sectors of the shipping industry. Mr. Pappas is the Chairman of the UK Defense Club, a leading insurance provider of legal defense services in the shipping industry worldwide and is a member of the Union of Greek Ship Owners (UGS). Mr. Pappas received his B.A. in Economics and his MBA from The University of Michigan, Ann Arbor. Mr. Pappas was awarded the 2014 Lloyd's List Greek Awards "Shipping Personality of the Year."

Current other directorships and management positions.. UK Defense Club (Chairman of the Board)

Previous directorships and management positions held during the last five years .... Piraeus Bank S.A. (Non-executive Board director)

Tom Søfteland, Director

Mr. Tom Søfteland has served as a director on the Company's board of directors since inception and as Chairman of the Company's Audit Committee. He served as a member of Star Maritime's board of directors since its inception. During 1982 - 1990 he served in different positions within Odfjell Chemical Tankers, including operations, chartering and project activities. In August 1990 he joined the shipping department of IS Bank ASA and in 1992 he was appointed general manager of the shipping, oil & offshore department. In 1994 he was promoted to the position of Deputy CEO of IS BANK ASA. During the fourth quarter of 1996, Mr. Søfteland founded Capital Partners A.S. of Bergen, Norway, a financial services firm which specialized in shipping, oil & off-shore finance, investment bank and asset management services. He held the position of CEO until June 2007. From the second half of 2007, Mr. Søfteland has been a principal of the investment company, Spinnaker AS, based in Norway and has served in various positions at EGD Holding AS, SeaSea Shipping Ltd, Tailwind, Stream Tankers and Arise Dynamic Rig Supply. Mr. Søfteland received a Business Economic degree from the Norwegian School of Business and Administration (NHH).

Current other directorships and management positions.. Meltemi Invest AS (Chairman/CEO)
SeaSea Shipping Ltd. (Director)
Sofie Victory AS (Director)
Arise Dynmic Rig Supply AS (Director)

Previous directorships and management positions held during the last five years .... Capital Partners AS (Chairman)
EGD Holding AS (Director)
EGD Shipholding AS (Director)
EGD Property AS (Director)
Hansagardene AS (Chairman)
Tailwind AS (Director)
Stream Tankers AS (Director)
Christina Victory AS (Chairman)

Koert Erhardt, Director

Mr. Koert Erhardt has served as a director of The Company's board of directors since inception. He is also the Chairman of the Nominating and Corporate Governance Committee. He is currently the Managing Director of Augustea Bunge Maritime Ltd. of Malta. From September 2004 to December 2004, he served as the Chief Executive Officer and a member of the board of CC Maritime S.A.M., an affiliate of the Coeclerici Group, an international conglomerate whose businesses include shipping and transoceanic transportation of dry bulk materials. From 1998 to September 2004, he served as General Manager of Coeclerici Armatori S.p.A. and Coeclerici Logistics S.p.A., affiliates of the Coeclerici Group, where he created a shipping pool that commercially managed over 130 vessels with a carrying volume of 72 million tons and developed the use of the Freight Forward Agreement trading, which acts as a financial hedging mechanism for the pool. From 1994 to 1998, he served as the General Manager of Bulk Italia, a prominent shipping company which at the time owned and operated over 40 vessels. From 1990 to 1994, Mr. Erhardt served in various positions with Bulk Italia. From 1988 to 1990, he was the Managing Director and Chief Operating Officer of Nedlloyd Drybulk, the dry bulk arm of the Nedlloyd Group, an international conglomerate whose interests include container ship liner services, tankers, oil drilling rigs and ship brokering. Mr. Erhardt received his Diploma in Maritime Economics and Logistics from Hogere Havenen Vervoersschool (now Erasmus University), Rotterdam, and successfully completed the International Executive Program at INSEAD, Fontainebleau, France. Mr. Erhardt has also studied at the London School of Foreign Trade.

Current other directorships and management positions.. Augustea Bunge Maritime Ltd (Managing Director)

Previous directorships and management positions held during the last five years .... None

Roger Schmitz, Director

Mr. Roger Schmitz has served as a director of the Company's board of directors since July 2013. Mr. Schmitz is a Partner at Smith Cove Capital Management LP, where he focuses on investment opportunities across credit and equity markets. Mr. Schmitz currently serves on the board of Gener8 Maritime Inc. (NYSE: GNRT). From 2006 to 2016, Mr. Schmitz worked for Monarch, where he was most recently a Managing Principal responsible for evaluating investment opportunities in a wide variety of corporate and sovereign situations, both domestically and internationally. Prior to joining Monarch in 2006, Mr. Schmitz was an Analyst in the Financial Sponsors Group at Credit Suisse, where he focused on leverage finance. Mr. Schmitz received an A.B., cum laude, in economics from Bowdoin College.

Current other directorships and management positions.. Smith Cove Capital Management LP (Partner)
Gener8 Maritime Inc. (Director)

Previous directorships and management positions held during the last five years .... Monarch (Managing Principal)

Mahesh Balakrishnan, Director

Mr. Mahesh Balakrishnan has served as a director of the Company's board of directors since February 2015. Ms. Balakrishnan is a Managing Director in Oaktree's Opportunities Funds. He joined Oaktree in 2007 and has focused on investing in the chemicals, energy, financial institutions, real estate and shipping sectors. Mr. Balakrishnan has worked with a number of Oaktree's portfolio companies and currently serves on the board of Momentive Performance Materials. He has been active on a number of creditors' committees, including ad hoc committees in the Lehman Brothers and LyondellBasell restructurings. Prior to Oaktree, Mr. Balakrishnan spent two years as an analyst in the Financial Sponsors & Leveraged Finance group at UBS Investment Bank. Mr. Balakrishnan graduated cum laude with a B.A. degree in Economics (Honors) from Yale University.

Current other directorships and management positions.. Oaktree's Opportunities Funds (Managing Director)
Momentive Performance Materials (Board director)

Previous directorships and management positions held during the last five years .... STORE CAPITAL CORP (Board director)

Jennifer Box, Director

Ms. Jennifer Box has served as a director of the Company's board of directors since February 2015. Ms. Box is a Managing Director in Oaktree's Opportunities Funds. Prior to Oaktree in 2009, Ms. Box spent three and a half years at The Blackstone Group in the Distressed Debt Fund and with GSO Capital. Prior to Blackstone, she was an Associate Consultant at The Boston Consulting Group. Ms. Box graduated summa cum laude with a B.S. degree in Economics and a minor in Mathematics from Duke University, where she was elected to Phi Beta Kappa. She is a CFA charterholder.

Current other directorships and management positions.. Oaktree's Opportunities Funds (Managing Director)

Previous directorships and management positions held during the last five years .... Vistra Energy (Director)

Nikolaos Karellis, Director

Mr. Nikolaos Karellis has served as a director of the Company's board of directors since May 2016. Mr. Karellis is currently a Director of the advisory firm MARININVEST ADVISERS LTD and has more than 35 years of experience in the shipping sector in financial institutions. Until 2013, he served as the Head of Shipping of HSBC BANK PLC in Athens, Greece for 28 years, where he built a business unit providing a comprehensive range of services to Greek shipping companies. Prior to HSBC, he worked at Bank of America. Mr. Karellis received his Msc in Mechanical Engineering from the National Technical University of Athens and received an MBA in Finance from the Wharton School, University of Pennsylvania.

Current other directorships and management positions.. Marininvest Advisers Ltd. (Director)

Previous directorships and management positions held during the last five years .... None

As mentioned in Section 5.1, Mr. Arne Blystad will be appointed to the Board of Directors of the Company upon completion of the Songa Transaction. Below is a brief biography of Mr. Blystad.

Arne Blystad

Mr. Blystad is an independent investor and co-founder of Songa Bulk ASA. The Blystad Group, which is 100% owned and controlled by Mr. Arne Blystad and his immediate family, has a long history in international shipping. His companies have historically been active in the sale and purchase market. In addition to shipping, the Group has investments in heavy-lift, a securities portfolio and real-estate. Mr. Blystad is a Norwegian citizen and resides in Oslo, Norway.

As mentioned in Section 5.1, Mr. Raffaele Zagari will join the Board of Directors of the Company, upon completion of the Augustea Transaction. Below is a brief biography of Mr. Zagari.

Raffaele Zagari

Mr. Raffaele Zagari was born in 1969. During his tenure as CEO of the Augustea Group of companies, Mr. Zagari engineered and implemented the expansion and consolidation that created Augustea Atlantica. He has participated in the creation of CBC, AOM and ABML, the joint ventures in which Augustea Atlantica is a shareholder. He supervised a number of ship newbuild projects (1 aframax tanker, 2 handymax bulkers, 3 panamax bulkers, 3 post-panamax bulkers) and negotiated 23 "second hand" deals (16 purchases and 7 sales) and the long-term lease of 11 vessels with several Japanese conglomerates, including purchase options (4 handies, 3 panamax, 2 kamsarmax, and 2 post-panamax bulkers). From 1993 to 1996 Raffaele worked for Blenheim Shipping (a company of the former Scinicariello Augustea Group) when he was based in Japan as assistant site supervisor at Sumitomo Yokuska and Sanoyas Mitsushima. He joined back the Augustea Group in 1997 and founded and worked for Augustea Shipping Services Ltd (UK). Prior to this, Mr. Zagari worked for one year at Zodiac Maritime Agencies with the operations department. Mr. Zagari holds a Diploma in Commercial Operation of Shipping at Guildhall University London.

Executive Management

The Company's Executive Management comprises of the following members:

Name	Position	Employed From
Petros Pappas	Chief Executive Officer	2014
Simos Spyrou	Co-Chief Financial Officer	2011
Christos Begleris	Co-Chief Financial Officer	2014
Nicos Rescos	Chief Operating Officer	2014
Hamish Norton	President	2014

Set out below are brief biographies of the members of the Executive Management, along with disclosures about the companies and partnerships of which each member of the Executive Management has been member of the administrative, management and supervisory bodies in the previous five years, not including directorships and Executive Management positions in the Company or its subsidiaries.

Petros Pappas, Chief Executive Officer and Director

For information about Mr. Petros Pappas, please see description above.

Simos Spyrou, Co-Chief Financial Officer

Mr. Simos Spyrou serves as the Company's Co-Chief Financial Officer. Mr. Spyrou joined the Company as Deputy Chief Financial Officer in 2011, and was appointed Chief Financial Officer in September 2011. From 1997 to 2011, Mr. Spyrou worked at the Hellenic Exchanges (HELEX) Group, the public company which operates the Greek equities and derivatives exchange, the clearing house and the central securities depository. From 2005 to 2011, Mr. Spyrou held the position of Director of Strategic Planning, Communication and Investor Relations at the Hellenic Exchanges Group and he also served as a member of the Strategic Planning Committee of its board of directors. From 1997 to 2002, Mr. Spyrou was responsible for financial analysis at the research and technology arm of the Hellenic Exchanges Group. Mr. Spyrou attended the University of Oxford, receiving a degree in Mechanical Engineering and an MSc in Engineering, Economics & Management, specializing in finance. Following the completion of his studies at Oxford, he obtained a post graduate degree in Banking and Finance, from Athens University of Economics & Business.

Current other directorships and management positions..	Oceanbulk Maritime S.A. (Executive) Oceanbulk Container Carriers LLC (Co-Chief Financial Officer)
Previous directorships and management positions held during the last five years	None

Christos Begleris, Co-Chief Financial Officer

Mr. Christos Begleris serves as the Company's Co-Chief Financial Officer since 2014. Until March 2013 he was a strategic project manager and senior finance executive at Thenamaris (Ships Management) Inc. From 2005 to 2006, Mr. Begleris worked in the principal investments group of London & Regional Properties based in London, where he was responsible for the origination and execution of large real estate acquisition projects throughout Europe. From 2002 to 2005, Mr. Begleris worked in the Fixed Income and Corporate Finance groups of Lehman Brothers based in London, where he was involved in privatization, restructuring, securitization, acquisition financing and principal investment projects in excess of USD 5.0 billion. In addition to his role at Star Bulk, Mr. Begleris is also an executive of Oceanbulk Maritime S.A. and is Deputy Chief Financial Officer of Oceanbulk's joint ventures with Oaktree. Mr. Begleris received an M.Eng. in Mechanical Engineering from Imperial College, London, and an MBA from Harvard Business School

Current other directorships and management positions... Oceanbulk Maritime S.A. (Executive)
Oceanbulk Container Carriers LLC (Co Chief Financial Officer)

Previous directorships and management positions held during the last five years .... Thenamaris (Ships Management) Inc. (Strategic project manager and senior finance executive)

Nicos Rescos, Co-Chief Operating Officer

Mr. Nicos Rescos serves as the Company's Chief Operating Officer. He also serves as Chief Operating Officer and Commercial Director of Oceanbulk Maritime S.A. since April 2010. Mr. Rescos has been involved in the shipping industry since 1993 and has strong expertise in the dry bulk, container and product tanker markets having been responsible for more than 120 vessel acquisitions and dispositions and several joint ventures in the dry bulk and tanker sectors. From 2007 to 2009, Mr. Rescos worked with a family fund in Greece investing in dry bulk vessels and product tankers. From 2000 to 2007, Mr. Rescos served as the Commercial Manager of Goldenport Holdings Inc. where he was responsible for the acquisition of 35 dry bulk and container vessels and initiated the company's entry in the product tankers arena through an innovative joint venture with a major commodity trading company. He received a BSc in Management Sciences from The University of Manchester Institute of Science and Technology (UMIST) and an MSc in Shipping Trade and Finance from the City University Business School.

Current other directorships and management positions... Oceanbulk Maritime S.A (Executive)
Oceanbulk Container Carriers LLC (Chief Operating Officer)

Previous directorships and management positions held during the last five years .... None

Hamish Norton, President

Mr. Hamish Norton serves as the Company's President. Until December 31, 2012, Mr. Norton was Managing Director and Global Head of the Maritime Group at Jefferies & Company Inc. Mr. Norton is known for creating Nordic American Tanker Shipping and Knightsbridge Tankers, the first two high dividend yield shipping companies. He advised Arlington Tankers in the merger with General Maritime and has been an advisor to U.S. Shipping Partners. He also advised New Mountain Capital on its investment in Intermarine. In the 1990s, he advised Frontline on the acquisition of London and Overseas Freighters and arranged the sale of Pacific Basin Bulk Shipping. Prior to joining Jefferies, Mr. Norton ran the shipping practice at Bear Stearns. From 1984-1999 he worked at Lazard Frères & Co.; from 1995 onward as general partner and head of shipping. In addition to his role at Star Bulk, he is also an executive of Oceanbulk Maritime S.A. and Head of Corporate Development of Oceanbulk's joint ventures with Oaktree since 2012. Mr. Norton is a director of Neptune Lines and the Safariland Group. Mr. Norton received an AB in Physics from Harvard and a Ph.D. in Physics from University of Chicago.

Current other directorships and management positions... Ocenbulk Container Carriers LLC (Director of Corporate Development/President)
Neptune Lines (Director)
Safariland Group (Director)
Meerbaum Capital Solutions (Executive)

Previous directorships and management positions held during the last five years	Jefferies & Company Inc. (Managing Director and Global Head of the Maritime Group)

As mentioned in Section 5.1, Mr. Herman Billung will join the management team of the Company of the Company upon completion of the Songa Transaction. Below is a brief biography of Mr. Billung

Herman Billung

Mr. Billung serves as the current CEO of Songa Bulk ASA. Mr. Billung has an extensive shipping experience. He was the CEO of Golden Ocean, from 2005 until 2016, Managing Director of Maritime Services, responsible for the Commercial management of the Torvald Klaveness Group's dry bulk pools, Bulkhandling and Baumarine, from 1998 until 2005, Managing Director of the dry bulk operating company, Frapaco Shipping Ltd, from 1994 until 1998, held various positions within chartering in the Torvald Klaveness Group from 1989 until 1994 and was with the Royal Norwegian Navy from 1978 until 1989. Mr Billung is a Norwegian citizen and resides in Oslo, Norway.

11.3 Remuneration and Benefits

For the year ended 31 December 2017, aggregate compensation to the Company's senior management was USD 1.9 million under the employment agreements. Non-employee directors of Star Bulk receive an annual cash retainer of USD 15,000, each. The chairman of the audit committee receives a fee of USD 15,000 per year and each of the audit committee members receives as fee of USD 7,500. Each chairman of the Company's other standing committees receives an additional USD 5,000 per year. In addition, each director is reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees. The Company does not have a retirement plan for its officers or directors. The aggregate compensation of the board of directors for the year ended 31 December 2017 was USD 145,000.

Shares and Options held by Members of the Board of Directors and Executive Management

The table below sets forth the number of Shares beneficially owned by each of the Company's members of the Board of Directors and Executive Management as of the day of this Prospectus.

	Position	Shareholding	Options etc.
Spyros Capralos	Chairman	234,274	-
Petros Pappas*	Director and CEO	2,934,649	30,000
Tom Søfteland	Director	72,000	-
Koert Erhardt	Director	53,306	-
Roger Schmitz	Director	47,441	-
Mahesh Balakrishnan	Director	-	-
Jennifer Box	Director	-	-
Nikolaos Karellis	Director	12,000	-
Simos Spyrou	Co-CFO	100,000	15,000
Christos Begleris	Co-CFO	92,200	15,000
Nicos Rescos	COO	136,290	19,500
Hamish Norton	President	232,755	24,750

*This includes entities affiliated with Petros Pappas (family members and companies related to family members of Mr. Petros Pappas).

In case of termination, for reasons other than for cause, of the employment and/or consultancy agreements entered into with members of management, the Company is obligated to pay -inter alia- severance payments and pro rata equity incentive shares, a discretionary bonus and accelerate the vesting of any awarded equity incentive shares.

Loans and Guarantees

The Company has not provided any guarantees, or granted any loans or made any other similar commitments to any member of the Board of Directors or the Executive Management.

11.4 Disclosure of Conflicts of Interests

The Group's Chief Executive Officer, Mr. Petros Pappas, is involved and has interest in other areas of the shipping industry. This includes, among other things, being the founder of Oceanbulk Maritime, a dry cargo shipping company, and a member of the management of Oceanbulk Container Carriers LLC and PST Tankers LLC, which are other joint ventures between Oaktree and entities controlled by the family of Mr. Petros Pappas involved in the container shipping and product tanker businesses, respectively. Such involvement of Ms. Pappas with other ventures could potentially cause conflicts of interest with the Company.

Certain members of the Group's senior management (Messrs. Norton, Begleris, Spyrou and Rescos) are also members of the management of Oceanbulk Maritime, Oceanbulk Container Carriers LLC or PST Tankers LLC, which could cause a potential conflict of interest with the Company.

Two of the Company's directors, Mrs Jennifer Box and Mr. Mahesh Balakrishnan, are affiliated with Oaktree, and therefore have fiduciary duties to Oaktree in addition to the Company. Further, under the Oaktree Shareholders Agreements, none of the Company's officers or directors who is also an officer, director, employee or other affiliate of Oaktree or an officer, director or employee of an affiliate of Oaktree will be liable to the Company or its shareholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to Oaktree or its affiliates instead of the Company, or does not communicate information regarding a corporate opportunity to the Company that such person or affiliate has directed to Oaktree or its affiliates. As a result, such circumstances may entail real or apparent conflicts of interest with respect to matters affecting both the Company and Oaktree, whose interests, in some circumstances, may be adverse to ours. In addition, as a result of Oaktree's ownership interest, conflicts of interest could arise with respect to transactions involving business dealings between the Company and Oaktree or their affiliates, including potential business transactions, potential acquisitions of businesses or properties, the issuance of additional securities, the payment of dividends by the Company and other matters.

Other than described above, to the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and members of the Board of Directors or Executive Management, including any family relationships between such persons as of the date of this Prospectus.

11.5 Disclosure About Convictions in Relation to Fraudulent Offences

During the last five years preceding the date of this Prospectus, no member of the Board of Directors or the Executive Management has:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

11.6 Nomination and Corporate Governance Committee

The Company's nominating and corporate governance committee, is comprised of three independent directors. As of the date of this Prospectus, the nominating and corporate governance committee consists of Mr. Spyros Capralos, Ms. Jennifer Box and Mr. Koert Erhardt, who is the chairman of the committee. The committee is responsible for, among other things, (i) recommending to the board of directors nominees for director and directors for appointment to committees of the board of directors, and (ii) advising the board of directors with regard to corporate governance practices.

11.7 Audit Committee

The Company has an audit committee which is comprised of three independent directors. As of the date of this Prospectus the Audit Committee consists of Mr. Koert Erhardt, Mr. Nikolaos Karellis and Mr. Tom Søfteland, who is the chairman of the committee. The Audit Committee is responsible for, among other things, (i) reviewing the Company's accounting controls, (ii) making recommendations to the board of directors with respect to the engagement of the Company's outside auditors and (iii) reviewing all related party transactions for potential conflicts of interest and all those related party transactions and subject to approval by the Company's audit committee.

11.8 Compensation Committee

The Company has a compensation committee, which is comprised of three independent directors. As of the date of this Prospectus the compensation committee consists of Mr. Tom Søfteland, Mr. Mahesh Balakrishnan and Mr. Spyros Capralos, who is the chairman of the committee. The Compensation Committee is responsible for, among other things, recommending to the board of directors, the Company's senior executive officers' compensation and benefits.

11.9 Corporate Governance

As a corporation incorporated under the laws of the Republic of Marshall Islands, and listed for trading on NASDAQ, the Company is subject to Marshall Islands law and NASDAQ rules with respect to corporate governance. As a consequence of the listing of the Shares on Oslo Stock Exchange, the Company is expected to meet certain standards in relation to the principles governing its corporate governance. A listing will subject the Company to certain aspects of Norwegian securities law, including an obligation to report on the Company's compliance with the Corporate Governance Code in its annual report on a "comply or explain" basis. The Company is committed to ensuring that high standards of corporate governance are maintained and therefore supports the principles set out in the Corporate Governance Code.

The Company has adopted a code of ethics that applies to the Company's directors, officers and employees. A copy of the Company's code of ethics is posted in the "Corporate Governance" section of Star Bulk Carriers Corp. website, and may be viewed at http://www.starbulk.com.

It is the opinion of the Board of Directors that the Company on the first day of listing will comply with the Corporate Governance Code, subject to the following exceptions:

- Deviation from section 2 "Business": Marshall Islands law does not require the business activities of the Company to be narrowly defined in the Bylaws and the Articles of Incorporation. The Company does however have clear objectives and strategies for its business;

- Deviation from section 3 "Equity and dividends": According to Marshall Islands law, the Board of Directors is authorised to issue additional shares at any time, up to the limits set by the Company's authorised share capital. This authorization is not limited to specific purposes or limited in time and can be increased by act of the shareholders. Further, the Articles of Incorporation provide that the shareholders do not have any pre-emptive rights to subscribe for new shares.

- Deviation from section 4 "Equal treatment of shareholders and transactions with close associates": According to the Articles of Incorporation the shareholders do not have any pre-emptive rights to subscribe for new shares.

- Deviation from section 4 "Equal treatment of shareholders and transactions with close associates": The Board of Directors is not required pursuant to Marshall Islands law to obtain independent third party evaluations in the event that the Company enters into transactions with close associates. The Board of Directors may engage independent third parties to evaluate future transactions.

- Deviation from section 4 "Equal treatment of shareholders and transactions with close associates": According to the Articles of Incorporation the Company is authorised to issue shares of stock consisting of common shares and preferred shares. Holders of any one or more series of preferred stock may have the right, voting separately as a class, to elect one or more directors. The Company currently has one class of shares.

- Deviation from section 6 "General Meetings": The Company's Bylaws permit annual general meetings of shareholders to be convened on not less than 10 days nor more than 60 days' notice. The Board of Directors may fix in advance a record date for determining the shareholders entitled to attend and vote at such a general meeting, which date shall not be less than 10 days nor more than 60 days before the date of such meeting.

- Deviation from section 8 "Corporate assembly and board of directors: composition and independence": Pursuant to the Company's Articles of Incorporation the Company is authorised to issue shares of stock consisting of common shares and preferred shares. Holders of anyone or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors. The Company currently has one class of shares. Each director is elected for a period of three years, except in the event of his or her death, resignation or removal.

- Deviation from section 8 "Corporate assembly and board of directors: composition and independence": Marshall Islands law does not require the board of directors to have a majority of independent directors. While the Company currently fulfills the independence requirements, the Company may in the future have fewer independent directors.

- Deviation from section 11 "Remuneration of the board of directors": Pursuant to the Company's byelaws, the board of directors determine its own remuneration, and this is not subject to approval by the shareholders.

- Deviation from section 12 "Remuneration of executive personnel": Marshall Islands law does not require the Company to implement guidelines for the remuneration of senior management. Further, the Company will not have a remuneration committee.

11.10 Employees

Employees

Below is an overview of the employees of the Group as of 31 December 2017, 2016 and 2015, respectively.

	Year		
	2017	**2016**	**2015**
Average number of employees	148	147	144
Employees, at period end	152	145	149

Equity Incentive Plans

On 13 April 2015, the Company's Board of Directors adopted the 2015 Equity Incentive Plan (the "**2015 Plan**") and reserved for issuance 280,000 common shares thereunder. The terms and conditions of the 2015 Plan are substantially similar to the terms and conditions of Company's previous equity incentive plans. On the same date, the Company granted 135,230 restricted common shares to certain directors, former directors, officers and employees, which vested in 13 April 2016. The fair value of each restricted share was USD 17.75, which was determined by reference to the closing price of the Company's common shares on the grant date.

In addition, on the same date, the Board of Directors granted share purchase options of up to 104,250 common shares to certain executive officers, at an option exercise price of USD 27.50 per share. These options are exercisable in whole or in part between the third and the fifth anniversary of the grant date, subject to the respective individuals remaining employed by the Company at the time the options are exercised.

The fair value of all share option awards was calculated based on the modified Black-Scholes method. A description of the significant assumptions used to estimate the fair value of the share option awards is set out below:

- *Option type:* Bermudan call option

- *Grant Date:* 13 April 2015

- *Expected term:* Given the absence of expected dividend payments (described below), the Company expects that it is optimal for the holders of the granted options to avoid early exercise of the options. As a result, the Company assumes that the expected term of the options is their contractual term (i.e. five years from the grant date).

- *Expected volatility:* The Company used the historical volatility of the common shares to estimate the volatility of the price of the shares underlying the share option awards. The final expected volatility estimate, which is based on historical volatility for the two years preceding the grant date, was 59.274%.

- *Expected dividends:* The Company does not currently pay any dividends to its shareholders, and the Company's loan agreements contain restrictions and limitations on dividend payments. Based on the foregoing, the outstanding newbuilding orderbook of the Company and the market conditions prevailing in the dry bulk industry at the time of valuation, the Company's management determined that for purposes of this calculation the Company is not expected to pay dividends before the expiration of the share options.

- *Dilution adjustment:* Compared to the number of common shares outstanding, the Company's management considers the overall number of shares covered by the options as immaterial, and no dilution adjustment was incorporated in the valuation model.

- *Risk-free rate:* The Company has elected to employ the risk-free yield-to-maturity rate to match the expected term of the options (which as explained above is expected to be five years from the grant date). As of the grant date, the yield-to-maturity rate of five-year U.S. Government bonds was approximately 1.3%.

On 9 May 2016, the Company's Board of Directors adopted the 2016 Equity Incentive Plan (the "**2016 Plan**") and reserved for issuance 940,000 common shares thereunder. The terms and conditions of the 2016 Plan are substantially similar to the terms and conditions of Company's previous equity incentive plans. On the same date, 690,000 restricted common shares were granted to certain directors, officers, employees of the Company, 650,000 of which vested in July, 2016 while the remaining 40,000 vested on 1 March 2018. The fair value of each share was USD 3.75, based on the closing price of the Company's common shares on the grant date.

On 12 September 2016, the Company's Board of Directors granted 345,000 restricted common shares to certain of its directors and officers, for their participation in the negotiations with the Company's lenders related to the Restructuring. Out of these shares, 305,000 vested on 30 March 2017, and the remaining 40,000 vest in June 2018. The fair value of each share was USD 4.94, based on the closing price of the Company's common shares on the grant date.

On 22 February 2017, the Company's Board of Directors adopted the 2017 Equity Incentive Plan (the "**2017 Plan**") and reserved for issuance 950,000 common shares thereunder. The terms and conditions of the 2017 Plan are substantially similar to the terms and conditions of the Company's previous equity incentive plans. On the same date, 944,000 restricted common shares were granted to certain of the Company's directors, officers and employees, of which 744,000 shares vested on 22 August 2017. The remaining 200,000 restricted common shares vest on 22 August 2018. The fair value of each share was USD 9.59, based on the closing price of the Company's common shares on the grant date.

On 27 February 2018, Company's Board of Directors adopted the 2018 Equity Incentive Plan (the "**2018 Plan**") and reserved for issuance 700,000 common shares thereunder. The terms and conditions of the 2018 Plan are substantially similar to the terms and conditions of the Company's previous equity incentive plans. On the same date, 396,500 restricted common shares were granted to certain of the Company's directors and officers of which 253,500 restricted common shares vest on 27 August 2018, 71,500 restricted common shares vest on February 27, 2019 and the remaining 71,500 restricted common shares vest on 27 February 2021. The fair value of each share was USD 12.36, based on the closing price of the Company's common shares on 26 February 2018.

All non-vested shares and options vest according to the terms and conditions of the applicable award agreements. The grantee does not have the right to vote the non-vested shares or exercise any right as a shareholder of the non-vested shares, although the issued and non-vested shares pay dividends as declared. The dividends with respect to these shares are forfeitable. Share options have no voting or other shareholder rights. For the years ended 31 December 2015, 2016 and 2017, the Company paid no dividends on non-vested shares.

The Company expects that there will be no forfeitures of non-vested shares or options. The shares which are issued in accordance with the terms of the Company's equity incentive plans or awards remain restricted until they vest. For the years ended 31 December 2015, 2016 and 2017, the stock based compensation cost was USD 2,684, USD 4,166 and USD 9,267, respectively, and is included under "General and administrative expenses" in the accompanying consolidated statement of operations.

A summary of the status of the Company's non-vested restricted shares as of 31 December 2015, 2016 and 2017, and the movement during these years, is presented below:

USD	**Number of shares**	**Weighted Average Grant Date Fair Value**
Unvested as at 1 January 2015	78,833	54.30
Granted	135,230	17.75
Vested	(78,833)	54.30
Unvested as at 31 December 2015	**135,230**	**17.75**
Unvested as at 1 January 2016	135,230	17.75
Granted	1,035,000	4.15
Cancelled	(1,685)	17.75
Vested	(783,545)	6.14
Unvested as at 31 December 2016	**385,000**	**4.82**
Unvested as at 1 January 2017	385,000	4.82
Granted	944,000	9.59
Vested	(1,049,000)	8.24
Unvested as at 31 December 2017	**280,000**	**8.09**

A summary of the status of the Company's non-vested share options as of 31 December 2015, 2016 and 2017, and the movement during the year, since granted, is presented below:

Options	Number of options	Weighted average exercise price	Weighted Average Grant Date Fair Value
Outstanding at 1 January 2015	-	-	-
Granted	104,250	27.5	7.0605
Vested	-	-	-
Outstanding as of 31 December 2015	**104,250**	**27.5**	**7.0605**

Options	Number of options	Weighted average exercise price	Weighted Average Grant Date Fair Value
Outstanding at 1 January 2016	104,250	27.5	7.0605
Granted	-	-	-
Vested	-	-	-
Outstanding as of 31 December 2016	**104,250**	**27.5**	**7.0605**

Options	Number of options	Weighted average exercise price	Weighted Average Grant Date Fair Value
Outstanding at 1 January 2017	104,250	27.5	7.0605
Granted	-	-	-
Vested	-	-	-
Outstanding as of 31 December 2017	**104,250**	**27.5**	**7.0605**

The estimated compensation cost relating to non-vested share options and restricted share awards not yet recognized was USD 336 and USD 856, respectively, as of 31 December 2017 and is expected to be recognized over the weighted average period of 2.28 years and 0.62 years, respectively. The total fair value of shares vested during the years ended 31 December 2015, 2016 and 2017 was USD 1,301, USD 3,580 and USD 12,023 respectively.

12. RELATED PARTY TRANSACTIONS

This Section provides information certain transactions which the Company is, or has been, subject to with its related parties during the three years ended 31 December 2017, 2016 and 2015 and up to the date of this Prospectus. For the purposes of the following disclosures of related party transactions, "related parties" are those that are considered as related parties of the Company pursuant to IAS 24 "Related Party Disclosures".

12.1 Office Lease Agreements

On 21 December 2016 Starbulk S.A., entered into a six year lease agreement for office space with Alma Properties, a company controlled by Mrs. Milena - Maria Pappas. The lease agreement provides for a monthly rental of EUR 300 (approximately USD 360, using the exchange rate as of 31 December 2017, which was USD 1.20 per euro). On 1 January 2012, Starbulk S.A. entered into a one year lease agreement for office space with Combine Marine Ltd., or Combine Ltd., a company controlled by Ms. Milena-Maria Pappas and by Mr. Alexandros Pappas, both children of our Chief Executive Officer, Mr. Petros Pappas. The lease agreement provided for a monthly rental of EUR 2,500 (approximately USD 3,000, using the exchange rate as of 31 December 2017, which was USD 1.20 per euro). On 1 January 2013, the agreement was renewed and unless terminated by either party, it will expire in January 2024.

12.2 Sydelle Marine Ltd.

In April 2017, Sydelle Marine Limited ("**Sydelle**"), a company controlled by members of the family of Mr. Petros Pappas, entered into a pooling agreement (the "**Sydelle Agreement**") with the Company's fully owned subsidiary Domus Shipping LLC, owner of the vessel *Star Ariadne,* whereby the net revenues of *Star Ariadne* and the vessel owned by Sydelle, will be equally split between the two companies. Pursuant to the Sydelle Agreement, the pool adjustment for the year ended 31 December 2017 was (USD 0.3) million, which is recorded in "Voyage revenues" in the relevant accompanying consolidated statement of operations. As of 31 December 2017, the Company had an outstanding receivable amount of USD 0.04 million in connection with the Sydelle Agreement.

12.3 Registration Rights Agreement

On 11 July 2014, Oaktree, affiliates of Mr. Petros Pappas and Monarch entered into the Registration Rights Agreement. Monarch has since been removed from the Registration Rights Agreement. Pursuant to the terms of the Registration Rights Agreement, the Company has, among other things, filed Form F-3 registration statement (Registration No. 333-197886), covering the resale of shares owned by such stockholders, which was declared effective 25 September 2014.

In addition, the Registration Rights Agreement also provides Oaktree with certain demand registration rights and provides Oaktree and affiliates of Mr. Petros Pappas with certain shelf registration rights in respect of any of the Company's common shares held by them, subject to certain conditions, including those shares acquired pursuant to the July 2014 Transactions.

In addition, in the event that the Company register additional common shares for sale to the public following the closing of the July 2014 Transactions, the Company is required to give notice to Oaktree and affiliates of Mr. Petros Pappas of the Company's intention to effect such registration and, subject to certain limitations, the Company is required to include its common shares held by those holders in such registration.

The Company is required to bear the registration expenses, other than underwriting discounts and commissions and transfer taxes, if any, attributable to the sale of any holder's securities pursuant to the Registration Rights Agreement. The Registration Rights Agreement includes customary indemnification provisions in favour of the stockholders party thereto, any person who is or might be deemed a control person (within the meaning of the U.S. Securities Act, and the Exchange Act and related parties against certain losses and liabilities (including reasonable costs of investigation and legal expenses) arising out of or relating to any filing or other disclosure made by the Company under the securities laws relating to any such registration.

In February 2017, the Registration Rights Agreement was amended in conjunction with the February 2017 Private Placement to add Senator as a party. Pursuant to the terms of this Amendment No. 2 to the Registration Rights Agreement, the Company has, among other things, filed Form F-3 registration statement (Registration No. 333-219381) covering the resale of the Company's common shares issued in the February 2017 Private Placement, which was declared effective 6 September 2017. Senator has since been removed from the Registration Rights Agreement.

12.4 StarOcean Manning Philippines Inc.

The Company has a 25% ownership interest in Starocean Manning Philippines, Inc. ("**Starocean**"), a company that is incorporated and registered with the Philippine Securities and Exchange Commission, which provides crewing agency services. The remaining 75% interest is held by local entrepreneurs. This investment is accounted for as an equity method investment which as of 31 December 2017 stands at USD 0.02 million and is included in "Other Current Assets" in the relevant accompanying consolidated balance sheet. As of 31 December 2017 the Company has an outstanding receivable of USD 0.08 million from Starocean relating to advances paid for working capital purposes.

12.5 Purchase of Shares in the January 2015 Equity Offering

As part of the January 2015 Equity Offering, certain of the Company's major shareholders at the time (including Oaktree, Angelo, Gordon, Monarch and affiliates of Mr. Pappas), purchased 7,450,084 firm common shares at the public offering price of USD5.0 per common share, out of the total 9,800,084 common shares offered as part of this offering. The aggregate proceeds to the Company of the January 2015 Equity Offering, net of underwriters' commissions, were approximately USD 242.2 million.

12.6 Purchase of Shares in the September 2016 Equity Offering

As part of the September 2016 Equity Offering, certain of the Company's major shareholders at the time (including Oaktree and affiliates of Mr. Pappas) purchased 7,744,480 common shares, out of the total 11,976,745 common shares offered as part of this offering at the public offering price of USD 4.30 per common share. The aggregate proceeds to the Company of the September 2016 Equity Offering, net of underwriters' commissions, were approximately USD 50.3 million.

12.7 Purchase of Shares in the February 2017 Private Placement

As part of the February 2017 Private Placement, Oaktree purchased 3,244,292 common shares at the price of USD 8.154 per common share. The aggregate gross proceeds to the Company of the February 2017 Private Placement were approximately USD 51.5 million.

All ongoing and future transactions between the Company and any of its officers and directors or their respective affiliates, including loans by the Company's officers and directors, if any, will be on terms believed by the Company to be no less favourable than are available from unaffiliated third parties, and such transactions or loans, including any forgiveness of loans, will require prior approval, in each instance by a majority of the Company's uninterested "independent" directors or the members of the Company's board of directors who do not have an interest in the transaction, in either case who had access, at the Company's expense, to the Company's attorneys or independent legal counsel.

13. DIVIDEND AND DIVIDEND POLICY

This Section provides information about the dividend policy and dividend history of the Company, as well as certain legal constraints on the distribution of dividends Any future dividends declared by the Company will be paid in USD as this is the currency that currently is supported by the VPS. The following discussion contains Forward-looking Statements that reflect the Company's plans and estimates; see Section 4.2"General Information—Cautionary Note Regarding Forward-Looking Statements".

13.1 Dividend Policy

There can be no assurances that in any given period will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the above. In deciding whether to propose a dividend and in determining the dividend amount, the Company's Board of Directors will take into account legal restrictions, as set out in Section 13.3 “Legal Constraints on the Distribution of Dividends", the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its borrowing arrangements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility

The Company pays dividends, if any, on a quarterly basis from the Company’s operating surplus, in amounts that allowed the Company to retain a portion of its cash flows to fund vessel or fleet acquisitions, and for debt repayment and other corporate purposes, as determined by its management and board of directors. The declaration and payment of dividends will be subject at all times to the discretion of the Company’s board of directors. The timing and amount of dividends will depend on the Company’s earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in the Company’s loan agreements, the provisions of Marshall Islands law affecting the payment of dividends and other factors. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent, or would be rendered insolvent upon the payment of such dividends, or if there is no surplus, dividends may be declared or paid out of net profits for the fiscal year in which the dividend is declared, and for the preceding fiscal year.

The Company believes that, under current law, the Company’s dividend payments from earnings and profits would constitute “qualified dividend income” and as such will generally be subject to a preferential United States federal income tax rate (subject to certain conditions) with respect to non-corporate individual shareholders. Distributions in excess of the Company’s earnings and profits will be treated first as a non-taxable return of capital to the extent of a United States shareholder’s tax basis in its common stock on a Dollar-for-Dollar basis and thereafter as capital gain.

The Company is currently prohibited from declaring or paying any dividend or redeem or make any other distribution or payment, excluding any payments required under the cash sweep mechanism, until all amounts in respect of which deferred payment relieve to original repayment schedule have been agreed with relevant lenders under its facilities, and did not pay any dividends in 2017, 2016 or 2015. Please see section 10.7.2 for restrictions on dividends under the Company’s debt arrangements.

13.2 Dividend History

The Company has not paid any dividends for the years 2017, 2016 or 2015, see also Section 10.7.2on the Restructuring Transactions

13.3 Legal Constraints on the Distribution of Dividends

The laws of the Republic of Marshall Islands generally prohibit the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

13.4 Manner of Dividend Payments

Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will, however, receive dividends by check or transferred into their local bank account in their local currency, as exchanged from the NOK amount distributed through the VPS. Investors registered in the VPS with a foreign bank account will receive the dividend in local currency. Checks cannot be issued in all countries and the investors with residence in one of those countries, will receive a letter asking them to provide DNB Bank ASA, being the Company's VPS registrar, with their foreign bank details for receiving the dividend. If it is not practical in the sole opinion of DNB Bank ASA to issue a check in a local currency, a check will be issued in USD. The issuing and mailing of checks will be executed in accordance with the standard procedures of DNB Bank ASA. The exchange rate(s) that is applied will be DNB Bank ASA's rate on the date of issuance. Dividends will be credited automatically to the VPS registered shareholders' NOK accounts, or in lieu of such registered NOK account, by check, without the need for shareholders to present documentation proving their ownership of the Shares.

14. CORPORATE INFORMATION; SHARES AND SHARE CAPITAL

The following is a summary of certain corporate information and other information relating to the Group, the Shares and share capital of Company, summaries of certain provisions of the Company's Bylaws and applicable Marshall Island law in effect as of the date of this Prospectus, including. This summary does not purport to be complete and is qualified in its entirety by Company's Articles of Incorporation, bylaws and applicable Marshall Island law.

14.1 Incorporation; Registration Number; Registered Office and Other Company Information

Star Bulk Carriers Corp., was incorporated under the laws of the Republic of the Marshall Islands on 13 December 2006 with business registration number 21451. The Company's executive offices are located at c/o Star Bulk Management Inc., 40 Agiou Konstantinou Str., Maroussi 15124, Athens, Greece and its telephone number is 011-30-210-617-8400. The Company's registered office is located at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership and operation of dry bulk carrier vessels. Since 3 December 2007, Star Bulk Shares have been traded on the NASDAQ Global Select Market under the ticker symbol "SBLK".

14.2 Legal Structure

The Company is a holding company and is the parent company of the Group. Below are lists of the Company's wholly owned subsidiaries as of the date of this Prospectus:

Subsidiaries owning vessels in operation as at the date of this Prospectus:

	Wholly Owned Subsidiaries	Vessel Name	Country of incorporation
1	Sea Diamond LLC	Goliath	Marshall Islands
2	Pearl Shiptrade LLC	Gargantua	Marshall Islands
3	Star Ennea LLC	Star Poseidon	Marshall Islands
4	Coral Cape Shipping LLC	Maharaj	Marshall Islands
5	Star Castle II LLC	Star Leo (1)	Marshall Islands
6	Domus Shipping LLC	Star Ariadne (1)	Marshall Islands
7	Star Castle I LLC	Star Eleni (1)	Marshall Islands
8	Star Breezer LLC	Star Virgo (1)	Marshall Islands
9	Star Seeker LLC	Star Libra (1)	Marshall Islands
10	Clearwater Shipping LLC	Star Marisa (1)	Marshall Islands
11	Festive Shipping LLC	Star Magnanimus (1)	Marshall Islands
12	Cape Ocean Maritime LLC	Leviathan	Marshall Islands
13	Cape Horizon Shipping LLC	Peloreus	Marshall Islands
14	Christine Shipco LLC	Star Martha	Marshall Islands
15	Sandra Shipco LLC	Star Pauline	Marshall Islands
16	Pacific Cape Shipping LLC	Pantagruel	Marshall Islands
17	Star Borealis LLC	Star Borealis	Marshall Islands
18	Star Polaris LLC	Star Polaris	Marshall Islands
19	Star Trident V LLC	Star Angie	Marshall Islands
20	Sky Cape Shipping LLC	Big Fish	Marshall Islands
21	Global Cape Shipping LLC	Kymopolia	Marshall Islands
22	Star Trident XXV Ltd.	Star Triumph	BVI
23	Sea Cape Shipping LLC	Big Bang	Marshall Islands
24	Star Aurora LLC	Star Aurora	Marshall Islands
25	Nautical Shipping LLC	Amami	Marshall Islands
26	Majestic Shipping LLC	Madredeus	Marshall Islands
27	Star Sirius LLC	Star Sirius	Marshall Islands
28	Star Vega LLC	Star Vega	Marshall Islands
29	Star Alta I LLC	Star Angelina	Marshall Islands

	Wholly Owned Subsidiaries	Vessel Name	Country of incorporation
30	Star Alta II LLC	Star Gwyneth	Marshall Islands
31	Star Trident I LLC	Star Kamila	Marshall Islands
32	Grain Shipping LLC	Pendulum	Marshall Islands
33	Star Trident XIX LLC	Star Maria	Marshall Islands
34	Star Trident XII LLC	Star Markella	Marshall Islands
35	Star Trident IX LLC	Star Danai	Marshall Islands
36	Star Trident XI LLC	Star Georgia	Marshall Islands
37	Star Trident VIII LLC	Star Sophia	Marshall Islands
38	Star Trident XVI LLC	Star Mariella	Marshall Islands
39	Star Trident XIV LLC	Star Moira	Marshall Islands
40	Star Trident XVIII LLC	Star Nina	Marshall Islands
41	Star Trident X LLC	Star Renee	Marshall Islands
42	Star Trident II LLC	Star Nasia	Marshall Islands
43	Star Trident XIII LLC	Star Laura	Marshall Islands
44	Star Trident XV LLC	Star Jennifer	Marshall Islands
45	Star Trident XVII LLC	Star Helena	Marshall Islands
46	Star Gaia LLC	Star Charis	Liberia
47	Star Elpis LLC	Star Suzanna	Liberia
48	Mineral Shipping LLC	Mercurial Virgo	Marshall Islands
49	Star Trident III LLC	Star Iris	Marshall Islands
50	Star Trident XX LLC	Star Emily	Marshall Islands
51	Orion Maritime LLC	Idee Fixe (1)	Marshall Islands
52	Spring Shipping LLC	Roberta (1)	Marshall Islands
53	Success Maritime LLC	Laura (1)	Marshall Islands
54	Ultra Shipping LLC	Kaley (1)	Marshall Islands
55	Blooming Navigation LLC	Kennadi	Marshall Islands
56	Jasmine Shipping LLC	Mackenzie	Marshall Islands
57	Star Challenger I LLC	Star Challenger	Marshall Islands
58	Star Challenger II LLC	Star Fighter	Marshall Islands
59	Star Axe II LLC	Star Lutas	Marshall Islands
60	Aurelia Shipping LLC	Honey Badger	Marshall Islands
61	Rainbow Maritime LLC	Wolverine	Marshall Islands
62	Star Axe I LLC	Star Antares	Marshall Islands
63	Star Asia I LLC	Star Aquarius	Marshall Islands
64	Star Asia II LLC	Star Pisces	Marshall Islands
65	Star Trident VII LLC	Diva	Marshall Islands
66	Glory Supra Shipping LLC	Strange Attractor	Marshall Islands
67	Star Omicron LLC	Star Omicron	Marshall Islands
68	Star Gamma LLC	Star Gamma	Marshall Islands
69	Star Zeta LLC	Star Zeta	Marshall Islands
70	Star Delta LLC	Star Delta	Marshall Islands
71	Star Theta LLC	Star Theta	Marshall Islands
72	Star Epsilon LLC	Star Epsilon	Marshall Islands
73	Star Cosmo LLC	Star Cosmo	Marshall Islands
74	Star Kappa LLC	Star Kappa	Marshall Islands

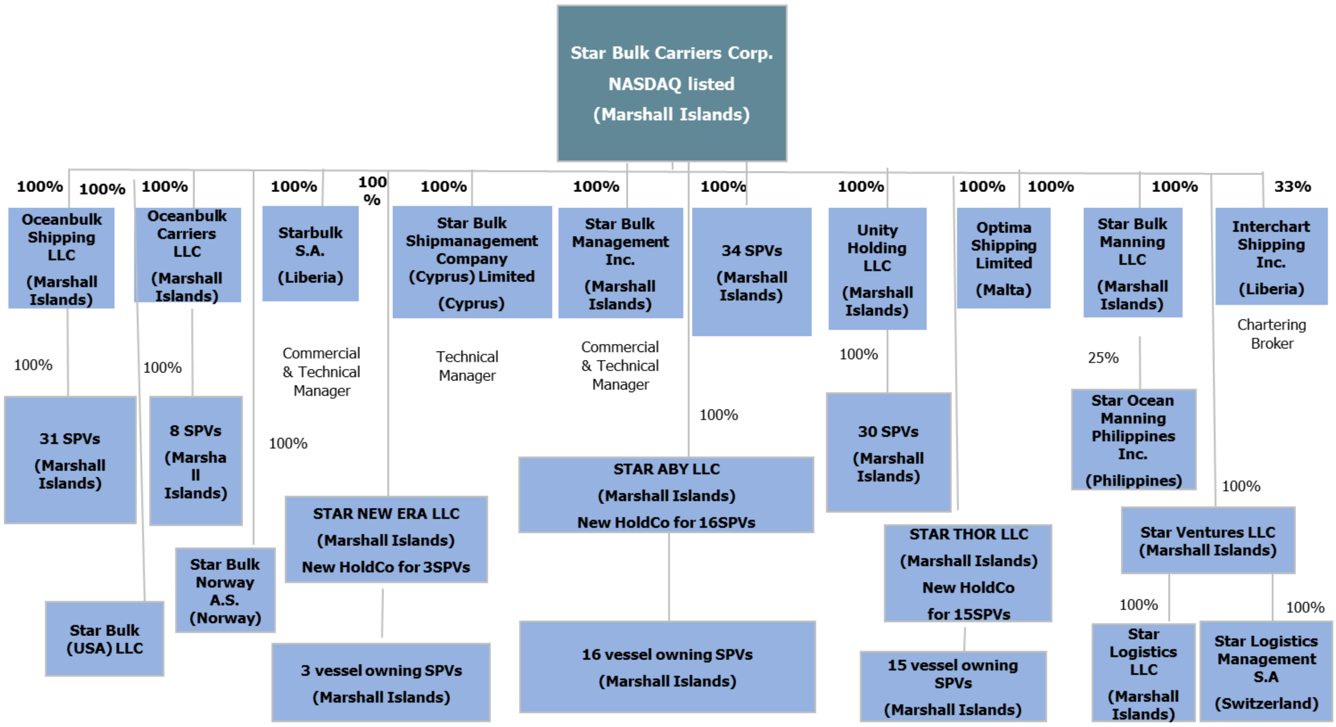
Non-vessel owning subsidiaries (all of which are 100% directly or indirectly owned by the Company) as at the date of this Prospectus:

Wholly Owned Subsidiaries	Country of incorporation

1	Star Bulk Management Inc.	Marshall islands
2	Starbulk S.A.	Liberia
3	Star Bulk Manning LLC	Marshall Islands
4	Star Bulk Shipmanagement Company (Cyprus) Limited	Cyprus
5	Optima Shipping Limited	Malta
6	Star Omas LLC	Marshall Islands
7	Star Synergy LLC	Marshall Islands
8	Oceanbulk Shipping LLC	Marshall Islands
9	Oceanbulk Carriers LLC	Marshall Islands
10	International Holdings LLC	Marshall Islands
11	Star Ventures LLC	Marshall Islands
12	Star Logistics LLC (ex Dry Ventures LLC)	Marshall Islands
13	Unity Holding LLC	Marshall Islands
14	Star Bulk (USA) LLC	Delaware
15	Star Trident XXI LLC	Marshall Islands
16	Star Trident XXIV LLC	Marshall Islands
17	Star Trident XXVII LLC	Marshall Islands
18	Star Trident XXXI LLC	Marshall Islands
19	Star Trident XXIX LLC	Marshall Islands
20	Star Trident XXVIII LLC	Marshall Islands
21	Star Trident XXVI LLC	Marshall Islands
22	Star Trident XXII LLC	Marshall Islands
23	Star Trident XXIII LLC	Marshall Islands
24	Star Alpha LLC	Marshall Islands
25	Star Uranus LLC	Marshall Islands
26	Star Logistics Management S.A.	Switzerland
27	Gravity Shipping LLC	Marshall Islands
28	White Sand Shipping LLC	Marshall Islands
29	Premier Voyage LLC	Marshall Islands
30	L.A. Cape Shipping LLC	Marshall Islands
31	Cape Confidence Shipping LLC	Marshall Islands
32	Cape Runner Shipping LLC	Marshall Islands
33	Olympia Shiptrade LLC	Marshall Islands
34	Victory Shipping LLC	Marshall Islands
35	Star Cape I LLC	Marshall Islands
36	Star Cape II LLC	Marshall Islands
37	Positive Shipping Company	Marshall Islands
38	OOCape1 Holdings LLC	Marshall Islands
39	Oday Marine LLC	Marshall Islands
40	Searay Maritime LLC	Marshall Islands
41	Lowlands Beilun Shipco LLC	Marshall Islands
42	Star Trident VI LLC	Marshall Islands
43	KMSRX Holdings LLC	Marshall Islands
44	Dioriga Shipping Co.	Marshall Islands
45	Star Trident XXX LLC	Marshall Islands
46	Star Trident IV LLC	Marshall Islands
47	Pacific Ventures Holdings LLC	Marshall Islands
48	Star Mare LLC	Marshall Islands
49	Star Thor LLC	Marshall Islands
50	Star New Era LLC	Marshall Islands
51	Star ABY LLC	Marshall Islands
52	Star Nor I LLC	Marshall Islands
53	Star Nor II LLC	Marshall Islands

54	Star Nor III LLC	Marshall Islands
55	Star Nor IV LLC	Marshall Islands
56	Star Nor V LLC	Marshall Islands
57	Star Nor VI LLC	Marshall Islands
58	Star Nor VII LLC	Marshall Islands
59	Star Nor VIII LLC	Marshall Islands
60	Star Nor IX LLC	Marshall Islands
61	Star Nor X LLC	Marshall Islands
62	Star Nor XI LLC	Marshall Islands
63	Star Nor XII LLC	Marshall Islands
64	Star Nor XIII LLC	Marshall Islands
65	Star Nor XIV LLC	Marshall Islands
66	Star Nor XV LLC	Marshall Islands
67	ABY I LLC	Marshall Islands
68	ABY II LLC	Marshall Islands
69	ABY III LLC	Marshall Islands
70	ABY IV LLC	Marshall Islands
71	Star Bulk Norway AS	Norway
72	New Era I LLC	Marshall Islands
73	New Era II LLC	Marshall Islands
74	New Era III LLC	Marshall Islands

The chart below shows the legal structure of the Group following completion of the Transactions:



14.3 Share Capital and Share Capital History

Under the Articles of Incorporation, the authorized capital stock consists of 325,000,000 registered shares of stock:

- 300,000,000 common shares, par value USD 0.01 per share; and
- 25,000,000 preferred shares, par value USD 0.01 per share. The Company's board of directors shall have the authority to issue all or any of the preferred shares in one or more classes or series with such voting powers, designations, preferences and relative, participating, optional or special rights

and qualifications, limitations or restrictions as shall be stated in the resolutions providing for the issue of such class or series of preferred shares.

As of the date of this Prospectus the Company has issued and outstanding 67,464,739 common shares. No preferred shares are issued or outstanding.

In addition, the Articles of Incorporation grant the Chairman of the Company's board of directors a tie-breaking vote in the event the directors' vote is evenly split or deadlocked on a matter presented for vote.

Pursuant to the Articles of Incorporation, the Company effected a 5-for-1 reverse stock split of its issued and outstanding common shares, par value USD 0.01 per share, effective as of 20 June 2016. The reverse stock split was approved by shareholders at a special meeting of shareholders held on 21 December 2015. The reverse stock split reduced the number of the Company's issued and outstanding common shares from 219,778,437 common shares to 43,955,659 common shares and affected all issued and outstanding common shares. The number of the Company's authorized common shares was not affected by the reverse split. No fractional shares were issued in connection with the reverse stock split.

The table below shows the development in the share capital of the Company since 1 January 2015 and up to the date of this Prospectus:

	Date	Capital Increase (USD)	Share Capital After Change (USD)	Par Value of Shares (USD)	Subscription Price per Share (USD)	New Shares	Total Number of Outstanding Shares
Share capital increase	14-Jan-15	98 001	316 853	0,01	25,0	9 800 084	31 685 303
Share capital increase	15-Apr-15	8 516	325 369	0,01	22,7	851 577	32 536 880
Share capital increase	18-May-15	112 500	437 869	0,01	16,0	11 250 000	43 786 880
Share capital increase	28-Oct-15	342	438 211	0,01	8,2	34 234	43 821 114
Share capital increase	09-Sep-16	1 385	439 596	0,01	5,3	138 453	43 959 567
Share capital increase	20-Sep-16	119 767	559 363	0,01	4,3	11 976 745	55 936 312
Share capital increase	02-Feb-17	63 103	622 466	0,01	8,2	6 310 272	62 246 584
Share capital increase	28-Jun-18	33 047	655 513	0,01	13,9	3 304 735	65 551 319

The above share capital increases do not include: i) 692,595 shares issued to Company's directors, officers and employees in various dates within 2016 with respect to the Company's equity incentive plan and ii) 1,220,825 shares issued to Company's directors, officers and employees in in various dates within 2017 with respect to the Company's equity incentive plan.

Stock Exchange Listing

The Company applied for admission to secondary listing of its shares on Oslo Børs, which was approved by the Board of Directors of the Oslo Stock Exchange on 22 June 2018.

The Company's common shares are listed on NASDAQ with ticker code "SBLK".

14.4 Authorisation to Increase the Share Capital and to Issue Shares and Other Financial Instruments

The Company has no convertible securities, exchangeable securities or securities with warrants outstanding.

14.5 Share Classes; Rights Conferred by the Shares

The Company has a single share class and all shares carry the same rights except as described below in Section 14.6.

14.6 Disclosure on Notifiable Holdings; Ownership Structure

As of the date of this Prospectus, and insofar as known to the Company, the following persons had, directly or indirectly, interest in 5% or more of the issued share capital of the Company (which constitutes a notifiable holding under the Norwegian Securities Trading Act):

	% [(1)]
Oaktree Capital Group Holdings GP, LLC and certain of its advisory clients	45.3% [(2)]
Impala Asset Management LLC	6.1%
Pappas Shareholders	5.6%[(3)]

[1] Percentage amounts based on 67,464,739 common shares outstanding as of 29 June 2018

[2] Consists of (i) 1,316,498 shares held by Oaktree Value Opportunities Fund, L.P. ("**VOF**"), (ii) 2,397,106 shares held by Oaktree Opportunities Fund IX Delaware, L.P. (the "**Fund IX**"), (iii) 22,016 shares held by Oaktree Opportunities Fund IX (Parallel 2), L.P. ("**Parallel 2**"), (iv) 16,445,307 shares held by Oaktree Dry Bulk Holdings LLC ("**Dry Bulk Holdings**"), taking into effect the closing of the secondary public offering of 5,000,000 shares launched on 26 June 2018, (v) 12,249,999 shares held by OCM XL Holdings L.P., a Cayman Islands exempted limited partnership ("**OCM XL**"), (vi) 148,580 shares held by OCM FIE, LLC ("**FIE**") and (vii) 2,974,262 shares to be distributed as part of the closing of the OCC Transaction. Each of the foregoing funds and entities is affiliated with Oaktree Capital Group Holdings GP, LLC ("**OCGH**"). The members of OCGH are Howard S. Marks, Bruce A. Karsh, Jay S. Wintrob, John B. Frank, Sheldon M. Stone, Larry W. Keele, Stephen A. Kaplan and David M. Kirchheimer. Each of the direct and indirect general partners, managing members, directors, unit holders, shareholders, and members of VOF, Fund IX, Parallel 2, Dry Bulk Holdings, OCM XL and FIE, may be deemed to share voting and dispositive power over the shares owned by such entities, but disclaims beneficial ownership in such shares except to the extent of any pecuniary interest therein. The address for these entities is c/o Oaktree Capital Management, L.P., 333 South Grand Avenue, 28th Floor, Los Angeles, California 90071. OCM Investments, LLC (a subsidiary of Oaktree Capital Management, L.P., which is the investment manager of the Oaktree Funds) is registered as a broker-dealer with the Commission and in all 50 states, the District of Columbia and Puerto Rico, and is a member of the U.S. Financial Industry Regulatory Authority. Oaktree Funds purchased common shares in the ordinary course of business and at the time of the purchase of the Company's common shares, had no agreements or understandings, directly or indirectly, with any person to distribute the common shares.

[3] Includes family members of Mr Petros Pappas and entities affiliated to them.

While Oaktree owns more than 50% of the Company's outstanding common shares, under the Oaktree Shareholders Agreement which was entered into 11 July 2014) and governs the ownership interest of Oaktree and its affiliated investment funds that own Common Shares (the "**Oaktree Shareholders Agreement**"). With certain limited exceptions, Oaktree effectively cannot vote more than 33% of the Company's outstanding common shares (subject to adjustment under certain circumstances). Furthermore, pursuant to the Oaktree Shareholders Agreement, so long as Oaktree and its affiliates beneficially own at least 10% of the Company's outstanding voting securities, Oaktree and its affiliates have agreed not to directly or indirectly acquire beneficial ownership of any additional voting securities of ours or other equity-linked or other derivative securities with respect to the Company's voting securities if such acquisition would result in Oaktree's beneficial ownership exceeding 63.8%, subject to certain specified exceptions. In addition, pursuant to the Oaktree Shareholders Agreement, subject to various exclusions, so long as Oaktree and its affiliates beneficially own at least 10% of the Company's voting securities, unless specifically invited in writing by the Company's board of directors, they may not (i) enter into any tender or exchange offer or various types of merger, business combination, restructuring or extraordinary transactions, (ii) solicit proxies or consents in respect of such transactions, (iii) otherwise act to seek to control or influence the Company's management, board of directors or other policies (except with respect to the nomination of Oaktree designees pursuant to the Oaktree Shareholders Agreement and other nominees proposed by the Nominating and Corporate Governance Committee) or (iv) enter into any negotiations, arrangements or understandings with any third party with respect to any of the above. Pursuant to the Oaktree Shareholders Agreement, Oaktree also agreed to various limitations on the transfer of its common shares.

As per the Oaktree Shareholders Agreement, the Oaktree Shareholders also have a right to nominate Directors at each shareholders meeting at which Directors are elected, as follows:

- For so long as the Oaktree Shareholders and their affiliates in the aggregate beneficially own 40% or more of the outstanding voting securities of the Company, the Oaktree Shareholders shall be entitled to nominate four (but in no event more than four) Directors. Furthermore, during any period in which the Oaktree Shareholders are entitled to nominate four Directors (i) if Mr. Petros Pappas is then serving as Chief Executive Officer and as a Director of the Company, the Oaktree Shareholders shall be entitled to nominate only three Directors and Mr. Petros Pappas shall automatically be deemed to be the fourth Oaktree Designee and (ii) at least one of the Oaktree Designees shall not be a citizen or resident of the United States solely to the extent that (x) at least one of the Directors (other than the Oaktree Designees) is a United States citizen or resident and (y) as a result of the foregoing clause (x), the Company would not qualify as a "foreign private issuer" under Rule 405 under the Securities Act and Rule 3b-4(c) under the Exchange Act if such Oaktree Designee is a citizen or resident of the United State.

- For so long as the Oaktree Shareholders and their affiliates in the aggregate beneficially own 25% or more, but less than 40%, of the outstanding voting securities of the Company, the Oaktree Shareholders shall be entitled to nominate three Directors.

- For so long as the Oaktree Shareholders and their Affiliates in the aggregate beneficially own 15% or more, but less than 25%, of the outstanding voting securities of the Company, the Oaktree Shareholders shall be entitled to nominate two Directors.

- For so long as the Oaktree Shareholders and their Affiliates in the aggregate beneficially own 5% or more, but less than 15%, of the outstanding voting securities of the Company, the Oaktree Shareholders shall be entitled to nominate one Director.

For so long as the Oaktree Shareholders are entitled to nominate at least one Director, each of the Company and the Nominating and Corporate Governance Committee shall (A) include the Oaktree Designees nominated as nominees to the Board on each slate of nominees for election of the Board proposed by the Company, with the remaining nominees in such slate selected by the Nominating and Corporate Governance Committee, (B) recommend the election of such nominees to the Shareholders and (C) without limiting the foregoing, use a level of efforts to cause such Oaktree Designees to be elected to the Board that is consistent with the level of efforts it is using to cause the remaining nominees in such slate to be elected to the Board.

The Company is not aware of any arrangements, the operation of which may at a date subsequent to the date of this Prospectus result in a change of control in the Company.

14.7 The Company's Articles of Incorporation and Bylaws and Certain Aspects of Marshall Islands Company Law

The Company's Articles of Incorporation and Bylaws are appended as Appendix B – Articles of Incorporation and Appendix C—Bylaws to this Prospectus. Below is a summary of certain provisions of the Articles of Incorporation and Bylaws and certain aspects of Marshall Islands law.

Purpose

The Company's purpose, as stated in Section B of its Articles of Incorporation, is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Marshall Islands Business Corporations Act (the "**MIBCA**").

Board of Directors

The directors are elected by a majority of the votes cast by shareholders entitled to vote in an election. The Articles of Incorporation provide that cumulative voting shall not be used to elect directors. The board of directors must consist of at least three members. The exact number of directors is fixed by a vote of at least 66⅔% of the entire board of directors. The Articles of Incorporation provide for a staggered board of directors whereby directors shall be divided into three classes: Class A, Class B and Class C, which shall be as nearly equal in number as possible. Shareholders, acting as at a duly constituted meeting, or by unanimous written consent of all shareholders, initially designated directors as Class A, Class B or Class C with only one class of directors being elected in each year and following the initial term for each such class, each class will serve a three-year term. The current terms of the Company's board of directors are as follows: (i) the term of the Company's Class A directors expired in 2017; (ii) the term of the Company's Class B directors expires in 2018; and (iii) the term of the Company's Class C directors expires in 2019. At the 2017 annual shareholder meeting, the Class A directors were re-elected to serve until the 2020 annual shareholder meeting. Each director serves his or her respective term of office until his or her successor has been elected and qualified, except in the event of his or her death, resignation, removal or the earlier termination of his or her term of office. The board of directors has the authority to fix the amounts which shall be payable to the members of the board of directors for attendance at any meeting or for services rendered to the Company.

Additional Issuances and Pre-Emptive Rights

Shareholders in the Company do not have any pre-emptive rights to subscribe for additional issues of the Company's shares.

Rights of Redemption and Conversion of Shares

The Bylaws do not provide for any shareholder rights of conversion or redemption of the common shares in the Company.

Shareholder Meetings

Under the Bylaws, annual shareholder meetings will be held at a time and place selected by the board of directors. The meetings may be held in or outside of the Marshall Islands. Special meetings may be called at any time by the board of directors, or by the chairman of the board of directors or by the president. No other person is permitted to call a special meeting and no business may be conducted at the special meeting other than business brought before the meeting by the board of directors, the chairman of the board of directors or the president. Under the MIBCA, the board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the shareholders that will be eligible to receive notice and vote at the meeting.

Dissenters' Rights of Appraisal and Payment

Under the MIBCA, the shareholders have the right to dissent from various corporate actions, including any merger or consolidation, sale of all or substantially all of the Company's assets not made in the usual course of the Company's business, and receive payment of the fair value of their shares. However, the right of a dissenting shareholder to receive payment of the appraised fair value of his shares is not available under the MIBCA for the shares of any class or series of stock, which shares or depository receipts in respect thereof, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at the meeting of the shareholders to act upon the agreement of merger or consolidation, were either (i) listed on a securities exchange or admitted for trading on an interdealer quotation system or (ii) held of record by more than 2,000 holders. In the event of any further amendment of the Articles of Incorporation, a shareholder also has the right to dissent and receive payment for his or her shares if the amendment alters certain rights in respect of those shares. The dissenting shareholder must follow the procedures set forth in the MIBCA to receive payment. In the event that the Company and any dissenting shareholder fail to agree on a price for the shares, the MIBCA procedures involve, among other things, the institution of proceedings in the High Court of the Republic of the Marshall Islands or in any appropriate court in any jurisdiction in which the Company's shares are primarily traded on a local or national securities exchange.

Shareholders' Derivative Actions

Under the MIBCA, any of the Company's shareholders may bring an action in the Company's name to procure a judgment in favour of the Company, also known as a derivative action, provided that the shareholder bringing the action is a holder of common stock both at the time the derivative action is commenced and at the time of the transaction to which the action relates.

Indemnification of Officers and Directors

The Bylaws include a provision that entitles any of the directors or officers to be indemnified by the Company upon the same terms, under the same conditions and to the same extent as authorized by the MIBCA if the director or officer acted in good faith and in a manner reasonably believed to be in and not opposed to the Company's best interests, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

The Company is also authorized to carry directors' and officers' insurance as a protection against any liability asserted against the directors and officers acting in their capacity as directors and officers regardless of whether the Company would have the power to indemnify such director or officer against such liability bylaw or under the provisions of the Company's Bylaws. The Company believes that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The indemnification provisions in the Bylaws may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit the Company and its shareholders.

Anti-takeover Provisions of the Company's Charter Documents

Several provisions of the Articles of Incorporation and the Bylaws may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen the Company's vulnerability to a hostile change of control and enhance the ability of the board of directors to maximize shareholder value in connection with any unsolicited offer to acquire the Company. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent (1) the merger or acquisition of the company by means of a tender offer, a proxy contest or otherwise, that a shareholder may consider in its best interest, and (2) the removal of incumbent officers and directors.

Preferred Stock

Under the terms of the Company's Articles, the Company's Board of Directors has the authority, without any further vote or action by its shareholders, to issue up to 25,000,000 preferred shares. The Company's Board of Directors is authorized to provide for the issuance of preferred shares in one or more series with designations as may be stated in the resolution or resolutions providing for the issue of such shares of preferred stock. At the time that any series of the Company's preferred shares are authorized, the Company's Board of Directors will fix the dividend rights, any conversion rights, any voting rights, redemption provisions, liquidation preferences and any other rights, preferences, privileges and restrictions of that series, as well as the number of shares constituting that series and their designation. The Company's Board of Directors could, without stockholder approval, cause the Company to issue preferred shares which have voting, conversion and other rights that could adversely affect the holders of the Company's common shares or make it more difficult to effect a change in control. The Company's preferred shares could be used to dilute the share ownership of persons seeking to obtain control of the Company and thereby hinder a possible takeover attempt which, if the Company's stockholders were offered a premium over the market value of its shares, might be viewed as being beneficial to the Company's stockholders. In addition, the Company's preferred shares could be issued with voting, conversion and other rights and preferences which would adversely affect the voting power and other rights of holders of the Company's common shares. The Company's Board of Directors may issue preferred shares on terms calculated to discourage, delay or prevent a change of control in us or the removal of the Company's management.

Classified Board of Directors

The Articles of Incorporation provide for a board of directors serving staggered, three-year terms. Approximately one-third of the board of directors will be elected each year. The classified provision for the board of directors could discourage a third party from making a tender offer for the Company's shares or attempting to obtain control of the company. It could also delay shareholders who do not agree with the policies of the board of directors from removing a majority of the board of directors for two years.

Election and Removal of Directors

The Articles of Incorporation prohibit cumulative voting in the election of directors. The Articles of Incorporation also require shareholders to give advance written notice of nominations for the election of directors. The Articles of Incorporation further provide that the directors may be removed only for cause and only upon affirmative vote of the holders of at least 70% of the outstanding voting shares. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Interested Transactions

The Company's Third Amended and Restated Bylaws, or "**Bylaws**," provide that no contract or transaction between the Company and one or more of its directors or officers, or between the Company and any other corporation, partnership, association or other organization in which one or more of the Company's directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Company's Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if: (i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Company's Board of Directors or the committee and the Company's Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, or, if the votes of the disinterested directors are insufficient to constitute an act of the Company's Board of Directors as defined in Section 55 of the Business Corporation Act, or the MIBCA, by unanimous vote of the disinterested directors; or (ii) the material facts as to his relationship or interest and as to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or (iii) the contract or transaction is fair as to us as of the time it is authorized, approved or ratified, by the Company's Board of Directors, a committee thereof or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Company's Board of Directors or of a committee which authorizes the contract or transaction.

Shareholders' Derivative Actions

Under the MIBCA, any of the Company's shareholders may bring an action in the Company's name to procure a judgment in its favour, also known as a derivative action, provided that the shareholder bringing the action is a holder of the Company's common shares both at the time the derivative action is commenced and at the time of the transaction to which the action relates.

Limitations on Liability and Indemnification of Officers and Directors

The MIBCA authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties. The Company's Articles and Bylaws include a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent permitted by law.

The Company's Bylaws provide that the Company must indemnify the Company's directors and officers to the fullest extent authorized by law. The Company is also expressly authorized to advance certain expenses (including attorneys' fees and disbursements and court costs) to the Company's directors and officers and carry directors' and officers' insurance policies providing indemnification for its directors, officers and certain employees for some liabilities. The Company believes that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in the Company's Articles and Bylaws may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and the Company's shareholders. In addition, your investment may be adversely affected to the extent the Company pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Insofar as indemnification for liabilities arising under the U.S. Securities Act may be permitted to directors, officers and controlling persons, the Company has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the U.S. Securities Act and is, therefore, unenforceable.

There is currently no pending material litigation or proceeding involving any of the Company's directors, officers or employees for which indemnification is sought.

Anti-Takeover Effect of Certain Provisions of the Company's Articles and Bylaws

Several provisions of the Company's Articles and Bylaws, which are summarized below, may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen the Company's vulnerability to a hostile change of control and enhance the ability of the Company's Board of Directors to maximize shareholder value in connection with any unsolicited offer to acquire the Company. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent (i) the merger or acquisition of the Company by means of a tender offer, a proxy contest or otherwise that a shareholder may consider in its best interest and (ii) the removal of incumbent officers and directors.

Blank Check Preferred Stock

The Company's Articles authorize its Board of Directors to establish one or more series of preferred stock and to determine, with respect to any series of preferred stock, the terms and rights of that series, including:

- the designation of the series;
- the preferences and relative, participating, option or other special rights, if any, and any qualifications, limitations or restrictions of such series; and
- the voting rights, if any, of the holders of the series.

Business Combinations

Although the MIBCA does not contain specific provisions regarding "business combinations" between corporations organized under the laws of the Republic of Marshall Islands and "interested shareholders," the Company has included these provisions in its Articles. The Company's Articles contain provisions which prohibit the Company from engaging in a business combination with an interested shareholder for a period of three years after the date of the transaction in which the person became an interested shareholder, unless:

- prior to the date of the transaction that resulted in the shareholder becoming an interested shareholder, the Company's Board of Directors approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder;
- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine

confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer;

- at or subsequent to the date of the transaction that resulted in the shareholder becoming an interested shareholder, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least 70% of the outstanding voting stock that is not owned by the interested shareholder; or

- the shareholder became an interested shareholder prior to the consummation of the initial public offering of common shares under the U.S. Securities Act.

For purposes of these provisions, a "business combination" includes mergers, consolidations, exchanges, asset sales, leases and other transactions resulting in a financial benefit to the interested shareholder and an "interested shareholder" is any person or entity that beneficially owns 20% or more of the shares of the Company's outstanding voting stock and any person or entity affiliated with or controlling or controlled by that person or entity.

Limited Actions by Shareholders

The Company's Bylaws provide that any action required or permitted to be taken by the Company's shareholders must be effected at an annual meeting of shareholders or by the unanimous written consent of its shareholders. The Company's Bylaws also provide that its Board of Directors, Chairman, or President may call special meetings of the Company's shareholders and the business transacted at the special meeting is limited to the purposes stated in the notice. Accordingly, shareholders are prevented from calling a special meeting and shareholder consideration of a proposal may be delayed until the next annual meeting.

Supermajority Provisions

The MIBCA generally provides that the affirmative vote of a majority of the outstanding shares entitled to vote at a meeting of shareholders is required to amend a corporation's articles of incorporation, unless the articles of incorporation requires a greater percentage. The Company's Articles provide that the following provisions in the Articles may be amended only by an affirmative vote of 70% or more of the outstanding shares of the Company's capital stock entitled to vote generally in the election of directors:

- the Board of Directors shall be divided into three classes;

- directors may only be removed for cause and by an affirmative vote of the holders of 70% or more of the outstanding shares of the Company's capital stock entitled to vote generally in the election of directors;

- the directors are authorized to make, alter, amend, change or repeal the Company's bylaws by vote not less than 66 $^{2}/_{3}$% of the entire Board of Directors;

- the shareholders are authorized to alter, amend or repeal the Company's bylaws by an affirmative vote of 70% or more of the outstanding shares of the Company's capital stock entitled to vote generally in the election of directors;

- The Company may not engage in any business combination with any interested shareholder for a period of three years following the transaction in which the person became an interested shareholder; and

- The Company shall indemnify directors and officers to the full extent permitted by law, and the Company shall advance certain expenses (including attorneys' fees and disbursements and court costs) to the directors and officers. For purposes of these provisions, an "interested shareholder" is generally any person or entity that owns 20% or more of the shares of the Company's outstanding voting stock or any person or entity affiliated with or controlling or controlled by that person or entity.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

The Articles and Bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a shareholder's notice must be received at the Company's principal executive offices not less than 120 days nor more than 180 days prior to the one-year anniversary of the immediately preceding year's annual meeting of shareholders. The Articles and Bylaws also specify requirements as to the form and content of a shareholder's notice. These provisions may impede a shareholder's ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

Distribution of Assets on Liquidation

Under the laws of the Republic of Marshall Islands, except as otherwise provided in its articles of incorporation, a corporation may be dissolved if, at a meeting of shareholders, the holders of two-thirds of all outstanding shares consent that the dissolution take place. However, the Republic of The Marshall Islands does not have a well-developed body of bankruptcy law. As such, in the case of a bankruptcy of the Company, there may be a delay of bankruptcy proceedings and the ability of shareholders and creditors to receive recovery after a bankruptcy proceeding.

15. SECURITIES TRADING IN NORWAY

The following is a summary of certain information in respect of trading and settlement of shares on the Oslo Stock Exchange, securities registration in Norway and certain provisions of applicable Norwegian securities law, including the Norwegian Securities Trading Act, in effect as of the date of this Prospectus. This summary does not purport to be complete and is qualified in its entirety by Norwegian law.

15.1 Trading and Settlement

The Oslo Stock Exchange comprise two separate trading markets for trading in equities, Oslo Børs, a stock exchange operated by Oslo Børs ASA, and Oslo Axess, a regulated market operated by Oslo Børs ASA.

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on the Oslo Stock Exchange takes place between 9:00 a.m. CET and 16:30 p.m. CET each trading day, with pre-trade period between 08:15 a.m. CET and 9:00 a.m. CET, a closing auction from 16:20 p.m. CET to 16:25 p.m. CET, and a post-trade period from 16:25 p.m. CET to 17:30 p.m. CET.

The settlement period for trading on the Oslo Stock Exchange is two trading days (T+2). This means that securities will be settled on the investor's account in the VPS two trading days after the transaction, and that the seller will receive payment after two trading days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the EEA or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

15.2 Information, Control and Surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and the bond markets in Norway.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or is subject to the application for listing on such market, must promptly release any inside information (that is, precise information about financial instruments, the issuer thereof or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

15.3 The VPS and Transfer of Shares

Shares that are to be admitted to listing on Oslo Børs are required to be registered in a central securities depository licensed to operate in Norway or another share register approved by Oslo Børs, for practical purposes the VPS . In order to facilitate registration of the beneficial interests in the shares with the VPS, the Company has entered into a registrar agreement with the VPS Registrar, who will operate the Company's VPS share register. Pursuant to the registrar agreement, the VPS Registrar is registered as holder of the shares in the register of members that the Company maintains pursuant to Marshall Islands law. The VPS Registrar will register the beneficial interests in the shares in book-entry form with the VPS (*Nw.: "depotbevis")*. Therefore, it is not the shares in registered form issued in accordance with the Marshall Islands Companies Act, but the beneficial interests in such shares in book-entry form that are registered with the VPS.

The beneficial interests in the shares are registered in book-entry form with VPS under the category of a "share" and it is such interest in the shares that is registered and traded on the Oslo Stock Exchange. Each such share registered with the VPS will represent beneficial ownership of one Share. The beneficial interests registered with the VPS are freely transferable, with delivery and settlement through the VPS system. Investors must look solely to the VPS Registrar for the payment of dividends, for the exercise of voting rights attached to the shares and for all other rights arising in respect of the shares.

The VPS is the Norwegian paperless centralised securities register. It is a computerised bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly owned by Oslo Stock Exchange VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS's control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the

VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

15.4 Shareholder Register

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote in General Meetings on behalf of the beneficial owners.

15.5 Foreign Investment in Norwegian Shares

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

15.6 Disclosure Obligations

If a person's, entity's or consolidated Company's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or Company in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

15.7 Insider Trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

15.8 Compulsory Acquisition

Under the laws of the Republic of Marshall Islands, a corporation owning at least ninety percent of the outstanding shares of each class of another domestic corporation or a foreign corporation, where such a merger is permitted, may merge such other corporation into itself without the authorization of the shareholders of any such corporation.

15.9 Foreign Exchange Controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian company who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

15.10 Selling and Transfer Restrictions

THE SHARES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY U.S. STATE OR OTHER JURISDICTION. THE COMPANY DOES NOT PLAN TO REGISTER THE ISSUANCE OR RESALE OF THE SHARES UNDER THE U.S. SECURITIES ACT.

THE SHARES MAY NOT BE RE-OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT (A) UNDER A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AS APPLICABLE OR (C) PURSUANT TO ANOTHER APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT; IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS, AND IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, ONLY IF THE COMPANY HAS RECEIVED DOCUMENTATION SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY U.S. STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OFFERED IN CONNECTION WITH THE EXCHANGE OFFER, OR DETERMINED IF THIS DOCUMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

EACH SHARE WILL BE ISSUED WITH THE FOLLOWING LEGEND:

THE SHARES ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 UNDER THE U.S. SECURITIES ACT AND MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN THE UNITED STATES, UNLESS AT THE TIME OF DEPOSIT THE SHARES ARE NO LONGER "RESTRICTED SECURITIES." THE SHARES MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT (A) UNDER A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AS APPLICABLE OR (C) PURSUANT TO ANOTHER APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT; IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS, AND IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, ONLY IF THE COMPANY HAS RECEIVED DOCUMENTATION SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT

16. TAXATION

*This section describes certain tax rules in Norway, the Marshall Islands and the United States applicable to shareholders in the Company who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and for shareholders who are not resident in Norway for tax purposes ("**Non-Norwegian Shareholders**"). The statements herein regarding taxation are based on the laws in force in Marshall Islands, the United States and Norway as of the date of this Prospectus and are subject to any changes in law occurring after such date. Such changes could be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of shares in the Company. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of shares in the Company. The statements only apply to shareholders who are beneficial owners of shares in the Company. Please note that for the purpose of the summary below, references to Norwegian Shareholders and Non-Norwegian Shareholders refers to the tax residency rather than the nationality of the shareholder.*

16.1 Norwegian Shareholders

Taxation of Dividends

Dividends distributed by companies resident in the Marshall Islands for tax purposes, including dividends from the Company, received by Norwegian corporate shareholders (i.e. limited liability companies and similar entities) ("**Norwegian Corporate Shareholders**") are taxable as ordinary income in Norway for such shareholders at a flat rate of 23%.

Dividends distributed to Norwegian individual shareholders (i.e. other Norwegian shareholders than Norwegian Corporate Shareholders) ("**Norwegian Individual Shareholders**" and taken together with Norwegian Corporate Shareholders "**Norwegian Shareholders**") are taxable under the shareholder model. According to the shareholder model, dividends distributed to Norwegian Individual Shareholders are multiplied with a factor of 1.33 before taken to taxation at the ordinary income rate of 23% (resulting in an effective tax rate of 30.59%) to the extent the dividend exceeds a basic tax-free allowance. The tax-free allowance shall be computed for each individual shareholder on the basis of the cost price of each of the shares multiplied by a risk-free interest rate. The risk-free interest rate will be calculated every income year and is allocated to the shareholder owning the share on 31 December of the relevant income year. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realisation of, see below) the same share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same share the following year.

For financial institutions, the tax rate for ordinary income is 25%.

Taxation of Capital Gains

Sale, redemption or other disposal of shares is considered as a realisation for Norwegian tax purposes.

Norwegian Corporate Shareholders are taxable in Norway for capital gains on the realization of shares in the Company, and have a corresponding right to deduct losses. This applies irrespective of how long the shares have been owned by the Norwegian Corporate Shareholders and irrespective of how many shares that are realized. The taxable gain or deductible loss is calculated per share, as the difference between the consideration received and the tax value of the share. The tax value of each share is based on the Norwegian Corporate Shareholders cost price of the share. Costs incurred in connection with the acquisition or realization of the shares may be deducted in the year of sale. Any capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of disposal. Ordinary income is taxable at a rate of 23%.

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realisation of shares, and have a corresponding right to deduct losses. This applies irrespective of how long the shares have been owned by the individual shareholder and irrespective of how many shares that are realised. Gains are taxable as ordinary income in the year of realisation, and losses can be deducted from ordinary income in the year of realisation. Any gain or loss is grossed up with a factor of 1.33 before taken to taxation at the tax rate for ordinary income of 23% (resulting in an effective tax rate of 30.59%. Under current tax rules, gain or loss is calculated per share, as the difference between the consideration received and the tax value of the share. The tax value of each share is based on the individual shareholder's purchase price for the share. Costs incurred in connection with the acquisition or realisation of the shares will be deductible in the year of sale. Any unused tax-free allowance connected to a share may be deducted from a capital gain on the same share, but may not lead to or increase a deductible loss. Further, unused tax-free allowance related to a share cannot be set off against gains from realisation of other shares.

If a Norwegian Shareholder realises shares acquired at different points in time, the shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances.

For financial institutions, the tax rate for ordinary income is 25%.

Taxation of Subscription Rights

A Norwegian Shareholder’s subscription for shares pursuant to a subscription right is not subject to separate taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Sale and other transfer of such subscription rights are considered a realisation for Norwegian tax purposes. Any gain (calculated as for shares) are taxable at the flat rate of 23%. Losses are deductible at the same rate.

For financial institutions, the tax rate for ordinary income is 25%.

Controlled Foreign Corporation (CFC) taxation

Norwegian Shareholders in the Company will be subject to Norwegian taxation according to the Norwegian Controlled Foreign Corporations regulations (the “**Norwegian CFC-regulations**”) if Norwegian Shareholders directly or indirectly own or control (together referred to as “**Control**”) the shares of the Company.

Norwegian Shareholders will be considered to Control the Company if:

- Norwegian Shareholders Control 50% or more of the shares or capital in the Company at the beginning of and at the end of a tax year; or
- If Norwegian Shareholders Controlled the Company the previous tax year, the Company will also be considered Controlled by Norwegian Shareholders in the following tax year unless Norwegian Shareholders Control less than 50% of the shares or capital at both the beginning and the end of the following tax year; or
- Norwegian Shareholders Control more than 60% of the shares or capital in the Company at the end of a tax year.
- If less than 40% of the shares or capital are Controlled by Norwegian Shareholders at the end of a tax year, the Company will not be considered Controlled by Norwegian Shareholders for Norwegian tax purposes.

Under the Norwegian CFC-regulations Norwegian Shareholders are subject to Norwegian taxation on their proportionate part of the taxable net income generated by the Company, calculated according to Norwegian tax regulations, regardless of whether or not any dividends are distributed from the Company.

Net Wealth Tax

The value of shares is taken into account for net wealth tax purposes in Norway. The marginal tax rate is currently 0.85%. Norwegian limited liability companies and similar entities are exempted from net wealth tax.

Shares listed on the Oslo Stock Exchange are valued at 80% of the quoted value at 1 January in the assessment year.

Norwegian Corporate Shareholders are not subject to net wealth tax.

VAT and Transfer Taxes

No VAT, stamp duty or similar duties are currently imposed in Norway on the transfer or issuance of shares.

Inheritance Tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

16.2 Non-Norwegian Shareholders

Taxation of dividends

Dividends received by Non-Norwegian Shareholders from shares in Non-Norwegian companies are not subject to Norwegian taxation unless the Non-Norwegian Shareholders holds the shares in connection with the conduct of a trade or business in Norway.

Taxation of Capital Gains

Capital gains generated by Non-Norwegian Shareholders are not taxable in Norway unless the Non-Norwegian Shareholders holds the shares in connection with the conduct of a trade or business in Norway.

Net Wealth Tax

Non-Norwegian Shareholders are generally not subject to Norwegian net wealth tax. Non-Norwegian personal shareholders may, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

VAT and transfer taxes

No VAT, stamp duty or similar duties are currently imposed in Norway on the transfer or issuance of shares.

Inheritance Tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

16.3 Marshall Islands Withholding Tax

There is no Marshall Island withholding tax on dividends paid from a Marshall Island resident company.

16.4 US Taxation

The following is a discussion of the material U.S. federal income tax consequences to us of the Company's activities and to U.S. Holders and Non-U.S. Holders (each as defined below) of the ownership and disposition of the Company's common shares.

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), U.S. judicial decisions, administrative pronouncements and existing and proposed Treasury Regulations, all as in effect as of the date hereof. All of the preceding authorities are subject to change, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. The Company has not requested, and will not request, a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions the Company has reached and describe herein.

This summary does not address estate and gift tax consequences or tax consequences under any state, local or non-U.S. laws.

16.5 U.S. Federal Income Taxation of the Company

U.S. Tax Classification of the Company

The Company is treated as a corporation for U.S. federal income tax purposes. As a result and subject to the discussion of passive foreign investment companies ("PFICs") below, U.S. Holders will not be directly subject to U.S. federal income tax on the Company's income, but rather will be subject to U.S. federal income tax on distributions received from us and dispositions of common shares as described below.

U.S. Federal Income Taxation of Operating Income: In General

The Company anticipates that it will earn substantially all the Company's income from the hiring or leasing of vessels for use mostly on a voyage or time charter basis or from the performance of services directly related to those uses, all of which the Company refer to as "shipping income."

Unless a non-U.S. corporation qualifies for an exemption from U.S. federal income taxation under Section 883 of the Code, such corporation will be subject to U.S. federal income taxation on its "shipping income" that is treated as derived from sources within the United States. For U.S. federal income tax purposes, 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States constitutes income from sources within the United States ("United States source gross transportation income" or "USSGTI"), and, in the absence of exemption from tax under Section 883 of the Code, such USSGTI generally will be subject to a 4% U.S. federal income tax imposed without allowance for deductions.

Shipping income of a non-U.S. corporation attributable to transportation that both begins and ends in the United States is considered to be derived entirely from sources within the United States. However, U.S. law prohibits non-U.S. corporations, such as us, from engaging in transportation that produces income considered to be derived entirely from U.S. sources.

Shipping income of a non-U.S. corporation attributable to transportation exclusively between two non-U.S. ports will be considered to be derived entirely from sources outside the United States. Shipping income of a non-U.S. corporation derived from sources outside the United States will not be subject to any U.S. federal income tax.

Exemption of Operating Income from U.S. Federal Income Taxation

Under Section 883 of the Code and the Treasury Regulations thereunder, a non-U.S. corporation will be exempt from U.S. federal income taxation on its U.S. source shipping income if:

(a) it is organized in a country that grants an "equivalent exemption" from tax to corporations organized in the United States in respect of each category of shipping income for which exemption is being claimed under Section 883 of the Code (a "qualified foreign country"); and

(b) one of the following tests is met: (A) more than 50% of the value of its shares is beneficially owned, directly or indirectly, by "qualified shareholders," which term includes individuals that (i) are "residents" of qualified foreign countries and (ii) comply with certain substantiation requirements (the "50% Ownership Test"); (B) it is a "controlled foreign corporation" and it satisfies an ownership test (the "CFC Test"); or (C) its shares are "primarily and regularly traded on an established securities market" in a qualified foreign country or in the United States (the "**Publicly-Traded Test**").

The Company does not currently anticipate circumstances under which the Company would be able to satisfy the 50% Ownership Test or the CFC Test. The Company's ability to satisfy the Publicly-Traded Test is described below.

The Republic of the Marshall Islands has been officially recognized by the IRS as a qualified foreign country that grants the requisite "equivalent exemption" from tax in respect of each category of shipping income the Company earns and currently expects to earn in the future.

16.6 Publicly-Traded Test.

The Treasury Regulations under Section 883 of the Code provide, in pertinent part, that shares of a non-U.S. corporation will be considered to be "primarily traded" on an established securities market in a country if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country, such as the Oslo Stock Exchange. The Company's common stock is currently "primarily traded" on the NASDAQ Global Select Market, and the Company expects that its common will continue to be "primarily traded" for purposes of Section 883 on the NASDAQ Global Select Market.

Under the Treasury Regulations, stock of a non-U.S. corporation will be considered to be "regularly traded" on an established securities market if (1) one or more classes of stock of the corporation that represent more than 50% of the total combined voting power of all classes of stock of the corporation entitled to vote and of the total value of the stock of the corporation, are listed on such market and (2) (A) such class of stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one-sixth of the days in a short taxable year and (B) the aggregate number of shares of such class of stock traded on such market during the taxable year must be at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year.

Notwithstanding the foregoing, the Treasury Regulations provide, in pertinent part, that a class of shares will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified share attribution rules, on more than half the days during the taxable year by persons that each own 5% or more of the vote and value of such class of outstanding stock (the "5% Override Rule").

For purposes of determining the persons that actually or constructively own 5% or more of the vote and value of the Company's common shares ("5% Shareholders"), the Treasury Regulations permit us to rely on those persons that are identified on Schedule 13G and Schedule 13D filings with the U.S. Securities and Exchange Commission, as owning 5% or more of the Company's common shares. The Treasury Regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

In the event the 5% Override Rule is triggered, the Treasury Regulations provide that the 5% Override Rule will nevertheless not apply if the Company can establish that within the group of 5% Shareholders, qualified shareholders (as defined for purposes of Section 883) own sufficient number of shares to preclude non-qualified shareholders in such group from owning 50% or more of the total value of the class of stock of the closely held block that is a part of the Company's common shares for more than half the number of days during the taxable year.

Based on information contained in Schedules 13G and 13D filing with the U.S. Securities and Exchange Commission, the Company does not believe that it qualifies for the exemption from U.S. federal income taxation under Section 883 of the Code for our 2016 and 2017 taxable year. Accordingly the Company believes that it will be subject to the 4% US federal income tax on its United States source gross shipping income for its 2016 and 2017 taxable year; however it may qualify for the exemption in future years.

Taxation in Absence of Section 883 Exemption

For any taxable year in which the Company is not eligible for the benefits of Section 883 exemption, the Company's USSGTI will be subject to a 4% tax imposed by Section 887 of the Code without the benefit of deductions to the extent that such income is not considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below. Since under the sourcing rules described above, no more than 50% of the Company's shipping income would be treated as derived from sources within the United States, the maximum effective rate of U.S. federal income tax on the Company's shipping income would never exceed 2% under this regime.

To the extent the Company's shipping income derived from sources within the United States is considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, any such "effectively connected" shipping income, net of applicable deductions, would be subject to U.S. federal income tax, currently imposed at rates of up to 21%. In addition, the Company would generally be subject to the 30% "branch profits" tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of the Company's U.S. trade or business.

The Company's shipping income would be considered "effectively connected" with the conduct of a U.S. trade or business only if:

(a) the Company has, or are considered to have, a fixed place of business in the United States involved in the earning of U.S. source shipping income; and

(b) substantially all of the Company's U.S. source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

The Company does not intend to have, or permit circumstances that would result in having, any vessel sailing to or from the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of the Company's shipping operations and other activities, it is anticipated that none of the Company's shipping income will be "effectively connected" with the conduct of a U.S. trade or business.

U.S. Taxation of Gain on Sale of Vessels

Regardless of whether the Company qualifies for exemption under Section 883, the Company will not be subject to U.S. federal income tax with respect to gain realized on a sale of a vessel, provided that (i) the sale is considered to occur outside of the United States under U.S. federal income tax principles and (ii) such sale is not attributable to an office or other fixed place of business in the United States. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. The Company intends to conduct the Company's operations so that the gain on any sale of a vessel by us will not be taxable in the United States.

16.7 U.S. Federal Income Taxation of U.S. Holders

As used herein, a "U.S. Holder" is a beneficial owner of a common share that is: (1) a citizen of or an individual resident of the United States, as determined for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a pass-through entity, including a partnership or other entity classified as a partnership for U.S. federal income tax purposes, is a beneficial owner of the Company's common shares, the U.S. federal income tax treatment of an owner or partner will generally depend upon the status of such owner or partner and upon the activities of the pass-through entity. Owners or partners of a pass-through entity that is a beneficial owner of common shares are encouraged to consult their tax advisors.

U.S. Holders are urged to consult their tax advisors as to the particular consequences to them under U.S. federal, state and local, and applicable non-U.S. tax laws of the ownership and disposition of common shares.

Distributions

Subject to the discussion of PFICs below, any distributions made by us with respect to the Company's common shares to a U.S. Holder will generally constitute foreign-source dividends to the extent of the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of such earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in its common shares and thereafter as capital gain. Because the Company is not a U.S. corporation, U.S. Holders that are corporations will generally not be entitled to claim a dividends received deduction with respect to any distributions they receive from us.

Since the Company's common shares are readily tradable on an established securities market in the United States within the meaning of the Code, namely the NASDAQ Global Select Market, and if certain holding period and other requirements (including a requirement that the Company is not a PFIC in the year of the dividend or the preceding year) are met, dividends received by non-corporate U.S. Holders should be "qualified dividend income" to such U.S. Holders. Qualified dividend income received by non-corporate U.S. Holders (including an individual) will be subject to U.S. federal income tax at preferential rates.

The amount of a distribution (or U.S. dollar equivalent as of the date of distribution if such distribution is made in currency other than US dollars) that is a dividend will be generally be included in the gross income of U.S. Holders. In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss. However, for tax years after 1997, an individual whose realized foreign exchange gain does not exceed U.S. USD 200 will not recognize that gain, to the extent that there are not expenses associated with the transaction that meet the requirement for deductibility as a trade or business expense (other than travel expenses in connection with a business trip or as an expense for the production of income).

Sale, Exchange or Other Disposition of Common Shares

Subject to the discussion of PFICs below, a U.S. Holder generally will recognize capital gain or loss upon a sale, exchange or other disposition of the Company's common shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such shares. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S. source income or loss, as applicable, for U.S. foreign tax credit purposes. Long-term capital gains of certain non-corporate U.S. Holders are currently eligible for reduced rates of taxation. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

In the case of any proceeds paid in foreign currency to a U.S. Holder in connection with the sale, exchange or other taxable disposition of the Euronav ordinary shares that is not converted by the recipient into U.S. dollars on the settlement date (in the case of a cash method taxpayer or an accrual method taxpayer that elects to use the settlement date) or trade date (in the case of an accrual method taxpayer), a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the settlement date or trade date, respectively. Any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss. However, an individual whose realized foreign exchange gain does not exceed U.S. USD 200 will not recognize that gain, to the extent that there are not expenses associated with the transaction that meet the requirement for deductibility as a trade or business expense (other than travel expenses in connection with a business trip or as an expense for the production of income).

Passive Foreign Investment Company Considerations

The foregoing discussion assumes that the Company is not, and will not be, a PFIC. If the Company is classified as a PFIC in any year during which a U.S. Holder owns the Company's common shares, the U.S. federal income tax consequences to such U.S. Holder of the ownership and disposition of common shares could be materially different from those described above. A non-U.S. corporation will be considered a PFIC for any taxable year in which (i) 75% or more of its gross income is "passive income" (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business) or (ii) 50% or more of the average value of its assets produce (or are held for the production of) "passive income." For this purpose, the Company will be treated as earning and owning the Company's proportionate share of the income and assets, respectively, of any of the Company's subsidiaries that are treated as pass-through entities for U.S. federal income tax purposes. Further, the Company will be treated as holding directly the Company's proportionate share of the assets and receiving directly the proportionate share of the income of corporations of which the Company owns, directly or indirectly, at least 25%, by value. For purposes of determining the Company's PFIC status, income earned by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute "passive income" unless the Company was treated under specific rules as deriving the Company's rental income in the active conduct of a trade or business. The Company intends to take the position that income the Company derives from its voyage and time chartering activities is services income, rather than rental income, and accordingly, that such income is not passive income for purposes of determining the Company's PFIC status. The Company believes that there is substantial legal authority supporting the Company's position consisting of case law and IRS pronouncements concerning the characterization of income derived from voyage and time charters as services income for other tax purposes. Additionally, the Company believes that the Company's contracts for newbuilding vessels are not assets held for the production of passive income, because the Company intends to use these vessels for voyage and time chartering activities.

Assuming that it is proper to characterize income from the Company's voyage and time chartering activities as services income and based on the expected composition of the Company's income and assets, the Company believes that it is currently not a PFIC, and the Company does not expect to become a PFIC in the future. However, the Company's characterization of income from voyage and time charters and of contracts for newbuilding vessels is not free from doubt. Moreover, the determination of PFIC status for any year must be made only on an annual basis after the end of such taxable year and will depend on the composition of the Company's income, assets and operations during such taxable year. Because of the above described uncertainties, there can be no assurance that the IRS will not challenge the determination made by the Company concerning its PFIC status or that the Company will not be a PFIC for any taxable year.

If the Company was treated as a PFIC for any taxable year during which a U.S. Holder owns common shares, the U.S. Holder would be subject to special adverse rules (described in "*-Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election*") unless the U.S. Holder makes a timely election to treat us as a "Qualified Electing Fund" (a "QEF election") or marks its common shares to market, as discussed below. The Company intends to promptly notify the Company's shareholders if the Company determines that the Company is a PFIC for any taxable year. A U.S. Holder generally will be required to file IRS Form 8621 if such U.S. Holder owns common shares in any year in which the Company is classified as a PFIC.

Taxation of U.S. Holders Making a Timely QEF Election.

If a U.S. Holder makes a timely QEF election, such U.S. Holder must report for U.S. federal income tax purposes its pro-rata share of the Company's ordinary earnings and net capital gain, if any, for each of the Company's taxable years during which the Company is a PFIC that ends with or within the taxable year of such U.S. Holder, regardless of whether distributions were received from us by such U.S. Holder. No portion of any such inclusions of ordinary earnings will be treated as "qualified dividend income." Net capital gain inclusions of certain non-corporate U.S. Holders might be eligible for preferential capital gains tax rates. The U.S. Holder's adjusted tax basis in the common shares will be increased to reflect any income included under the QEF election. Distributions of previously taxed income will not be subject to tax upon distribution but will decrease the U.S. Holder's tax basis in the common shares. An electing U.S. Holder would not, however, be entitled to a deduction for its pro-rata share of any losses that the Company insures with respect to any taxable year. An electing U.S. Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of the Company's common shares. A U.S. Holder would make a timely QEF election for the Company's common shares by filing IRS Form 8621 with its U.S. federal income tax return for the first year in which it held such shares when the Company was a PFIC. If the Company determines that it is a PFIC for any taxable year, the Company would provide each U.S. Holder with all necessary information in order to make the QEF election described above.

Taxation of U.S. Holders Making a "Mark-to-Market" Election.

Alternatively, if the Company was treated as a PFIC for any taxable year and, as the Company anticipates, its common shares are treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to the Company's common shares. If that election is properly and timely made, the U.S. Holder generally would include as ordinary income in each taxable year that the Company is a PFIC the excess, if any, of the fair market value of the common shares at the end of the taxable year over such U.S. Holder's adjusted tax basis in the common shares. The U.S. Holder would also be permitted an ordinary loss in each such year in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common shares over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in its common shares would be adjusted to reflect any such income or loss amount recognized. Any gain realized on the sale, exchange or other disposition of the Company's common shares in a year that the Company is a PFIC would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common shares in such a year would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election.

If the Company was treated as a PFIC for any taxable year, a U.S. Holder that does not make either a QEF election or a "mark-to-market" election (a "Non-Electing Holder") would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the common shares in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common shares), and (2) any gain realized on the sale, exchange or other disposition of the Company's common shares. Under these special rules:

(a) the excess distribution or gain would be allocated rateably over the Non-Electing Holder's aggregate holding period for the common shares;

(b) the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company was a PFIC, would be taxed as ordinary income and would not be "qualified dividend income"; and

(c) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

U.S. Holders are urged to consult their tax advisors concerning the U.S. federal income tax consequences of holding common shares if the Company is considered a PFIC in any taxable year.

16.8 U.S. Federal Income Taxation of Non-U.S. Holders

As used herein, a "Non-U.S. Holder" is any beneficial owner of a common share that is, for U.S. federal income tax purposes, an individual, corporation, estate or trust and that is not a U.S. Holder.

If a pass-through entity, including a partnership or other entity classified as a partnership for U.S. federal income tax purposes, is a beneficial owner of the Company's common shares, the U.S. federal income tax treatment of an owner or partner will generally depend upon the status of such owner or partner and upon the activities of the pass-through entity. Owners or partners of a pass-through entity that is a beneficial owner of common shares are encouraged to consult their tax advisors.

Distributions

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on dividends received from us with respect to the Company's common shares, unless that income is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. In general, if the Non-U.S. Holder is entitled to the benefits of an applicable U.S. income tax treaty with respect to those dividends, that income is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States.

Sale, Exchange or Other Disposition of Common Shares

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain realized upon the sale, exchange or other disposition of the Company's common shares, unless:

(a) the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States; in general, in the case of a Non-U.S. Holder entitled to the benefits of an applicable U.S. income tax treaty with respect to that gain, that gain is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or

(b) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

Income or Gains Effectively Connected with a U.S. Trade or Business

If the Non-U.S. Holder is engaged in a U.S. trade or business for U.S. federal income tax purposes, dividends on the common shares and gain from the sale, exchange or other disposition of the shares, that is effectively connected with the conduct of that trade or business (and, if required by an applicable U.S. income tax treaty, is attributable to a U.S. permanent establishment), will generally be subject to regular U.S. federal income tax in the same manner as discussed in the previous section relating to the taxation of U.S. Holders. In addition, in the case of a corporate Non-U.S. Holder, its earnings and profits that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional U.S. federal branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable U.S. income tax treaty.

16.9 Information Reporting and Backup Withholding

Information reporting might apply to dividends paid in respect of common shares and the proceeds from the sale, exchange or other disposition of common shares within the United States. Backup withholding (currently at a rate of 24%) might apply to such payments made to a U.S. Holder unless the U.S. Holder furnishes its taxpayer identification number, certifies that such number is correct, certifies that such U.S. Holder is not subject to backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. Certain U.S. Holders, including corporations, are generally not subject to backup withholding and information reporting requirements, if they properly demonstrate their eligibility for exemption. United States persons who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification). Each Non-U.S. Holder must submit an appropriate, properly completed IRS Form W-8 certifying, under penalties of perjury, to such Non-

U.S. Holder's non-U.S. status in order to establish an exemption from backup withholding and information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against your U.S. federal income tax liability, provided that the required information is furnished to the IRS in a timely manner.

Certain U.S. Holders who are individuals are required to report information relating to the Company's common shares, subject to certain exceptions (including an exception for common shares held in accounts maintained by certain financial institutions). U.S. Holders are urged to consult their tax advisors regarding their reporting requirements.

17. ADDITIONAL INFORMATION

17.1 Independent Auditors

The Company's independent auditors are Deloitte Certified Public Accountants S.A., independent registered public accounting firm, which has their registered address at 3a Fragoklissias & Granikou Str.15125, Maroussi, Greece and is registered as a corporate body with the public register for company auditors-accountants kept with the Body of Certified-Auditors-Accountants, or SOEL, Greece with registration number E120.

17.2 Legal Advisors

Advokatfirmaet BAHR AS is acting as legal adviser as to Norwegian law, and Seward & Kissel LLP is acting as legal adviser as to Marshall Islands law to the Company in connection with the Listing.

17.3 Financial Advisor

Clarksons Platou Securities AS is acting as Manager for the Listing.

17.4 VPS Registrar

The Company's VPS registrar is DNB Bank ASA, which has their registered address at Dronning Eufemias gate 30, 0191 Oslo, Norway. The Company's registrar for its common shares listed on NASDAQ is AST.

17.5 Documents on display

For twelve months from the date of this Prospectus, copies of the following documents will be available for inspection at the Company's registered office during normal business hours from Monday through Friday each week (except public holidays):

- The Articles of Incorporation and Bylaws of the Company.
- All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in the Prospectus.
- The Valuation Reports on the Group's vessels

18. DEFINITIONS

Capitalised terms used throughout this Prospectus shall have the meaning ascribed to such terms as set out below, unless the context require otherwise.

2013 Deferred Amounts....................	Has the meaning ascribed to it in Section 10.7.2
2014 Transactions	Has the meaning ascribed to it in Section 6.2.
2015 Plan.....................................	The 2015 Equity Incentive Plan adopted by the Board of Directors 13 April 2015, as further discussed in Section 11.10
2016 Plan.....................................	The 2016 Equity Incentive Plan adopted by the Board of Directors 9 May 2016, as further discussed in Section 11.10
2017 Plan.....................................	The 2017 Equity Incentive Plan adopted by the Board of Directors 22 February 2017, as further discussed in Section 11.10
2018 Plan.....................................	The 2018 Equity Incentive Plan adopted by the Board of Directors 27 February 2018, as further discussed in Section 11.10
2019 Notes	Has the meaning ascribed to it in Section 10.7.2
2022 Notes	Has the meaning ascribed to it in Section 10.7.2
ABN AMRO USD 87.5 million Facility.....	Has the meaning ascribed to it in Section 10.7.2
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 no. 302, taken together.
APM...	Alternative Performance Measures
ASC	Accounting Standards Codification
Articles of Incorporation	Fourth Amended and Restated Articles of Incorporation of the Company
Augustea Transaction	Has the meaning given to such term in Section 5.
Augustea Vessels	The 16 vessels that the Company announced that it had agreed to acquire from Augustea Atlantica SpA and York Capital Management through the Augustea Transaction
BDI..	The Baltic Dry Index
Bylaws	Third Amended and Restated Bylaws of the Company
BWM Convention	The International Convention for the Control and Management of Ships' Ballast Water and Sediments
Capesize Tranche	The second tranche of the HSH Nordbank USD 64.5 million Facility, as further described in Section 10.7.2
Cash Consideration	The cash part of the total consideration under for the Songa Transaction, comprised of USD 144,550,000

CCL	A Capesize vessel pooling agreement with Bocimar International NV, Golden Ocean Group Limited and C Transport Holding Ltd.
CLC	International Convention on Civil Liability for Oil Pollution Damage of 1969
Citi Facility	Has the meaning ascribed to it in Section 10.7.2
Citi Financed Excel Vessels	Has the meaning ascribed to it in Section 10.7.2
Citi USD 130.0 million Facility	Has the meaning ascribed to it in Section 10.7
CMBL	China Merchants Bank Leasing
CMBL Financing	Sale and leaseback transaction with Consideration Shares in an aggregate amount of approximately USD 180 million in order to finance the cash consideration of the Songa Transaction with a margin of 280 bps plus an amount USD 35 million of additional liquidity/working capital for the Company, as further described in Section 5.
Code	The U.S. Internal Revenue Code of 1986
Commerzbank	Commerzbank AG
Commerzbank Supplemental	Has the meaning ascribed to it in Section 10.7.2
Commerzbank USD 120.0 million Facility	Has the meaning ascribed to it in Section 10.7.2
Commerzbank USD 26.0 million Facility	Has the meaning ascribed to it in Section 10.7.2
Company	Star Bulk Carriers Corp.
Consideration Shares	The 13,688,000 common shares in the Company issued upon the conversion of the sellers' credit in the amount of USD 183,000,000 upon completion of the Songa Transaction, as further described in Section 5.
Credit Agricole	Credit Agricole Corporate and Investment Bank
Credit Agricole USD 70.0 million Facility	Has the meaning ascribed to it in Section 10.7.2
Credit Agricole USD 43.0 million Facility	Has the meaning ascribed to it in Section 10.5
CSSC	CSSC (Hong Kong) Shipping Company Limited
Deferred Amounts	Principal deferred payments owed from 1 June 2016 through 30 June 2018 to the due date of the balloon instalments of each facility, as further described in Section 10.7.2

Deferred Lease Amounts	Hire amounts that were scheduled for payment between 1 October 2016 and 30 June 2018 under all the lease agreements, as further described in Section 10.7.2
Deutsche Bank USD 39.0 million Facility..	Has the meaning ascribed to it in Section 10.7.2
Deutsche Bank USD 85.0 million Facility..	Has the meaning ascribed to it in Section 10.7.2
DNB Financed Excel Vessels..............	Has the meaning ascribed to it in Section 10.7.2
DNB-SEB-CEXIM USD 227.5 million Facility..	Has the meaning ascribed to it in Section 10.7.2
DNB USD 120.0 million Facility	Has the meaning ascribed to it in Section 10.7.2
DNB USD 310.0 million Facility	Has the meaning ascribed to it in Section 10.5
Dry Bulk Holdings	Oaktree Dry Bulk Holdings LLC
DVB USD 24.8 million Facility............	Has the meaning ascribed to it in Section 10.7.2
EC Regulation 809/2004	The Commission Regulation (EC) no. 809/2004 implementing the Prospectus Directive and the format, incorporation by reference and publication of prospectuses and dissemination of advertisements, as amended.
EFSF	European Financial Stability Facility
EFSM	European Financial Stability Mechanism
EPA	U.S. Environmental Protection Agency
EUR..	The lawful currency of the European Union
Excel	Excel Maritime Carriers Ltd.
Excel Transaction...........................	The transaction entered into with Excel on 19 August 2014 pursuant to which the Company acquired 34 operating dry bulk vessels, consisting of six Capesize vessels, 14 Kamsarmax vessels, 12 Panamax vessels and two Handymax vessels.
Excel Vessels	The vessels acquired in the Excel Transaction.
Exchange Act	The Securities Exchange Act of 1934, as amended
Executive Management	The members of the Company's Executive Management.
FCPA	U.S. Foreign Corrupt Practices Act
FFA	Forward Freight Agreement
FIE	OCM FIE, LLC
Foreign Corporate Shareholders	Foreign corporate shareholders (i.e. limited liability companies and

	similar).
Foreign Individual Shareholders..........	Foreign individual shareholders (i.e. other foreign shareholders than Foreign Corporate Shareholders).
Forward-looking Statements.............	Has the meaning ascribed to it in Section 4.2.
Fund IX.......................................	Oaktree Opportunities Fund IX Delaware, L.P.
FSMA	The Financial Services and Markets Act 2000.
Group	The Company together with its consolidated subsidiaries.
Heron	Heron Ventures Ltd
Heron Vessels...............................	Two Kamsarmax vessels acquired from Heron
Heron Vessels Facility......................	Has the meaning ascribed to it in Section 10.7.2
HSH Nordbank	HSH Nordbank AG
HSBC USD 86.6 million Facility	Has the meaning ascribed to it in Section 10.7.2
HSH Nordbank USD 35.0 million Facility.......................................	Has the meaning ascribed to it in Section 10.7.2
HSH Nordbank USD 64.5 million Facility.......................................	Has the meaning ascribed to it in Section 10.7.2
HSH Nordbank USD 64.5 Supplemental	Has the meaning ascribed to it in Section 10.7.2
IAS	International Accounting Standards.
IFRS...	International Financial Reporting Standards as adopted by the EU.
IMO	International Maritime Organization
ING USD 45.0 million Facility	Has the meaning ascribed to it in Section 10.7.2
ISM Code	The United Nations' International Maritime Organization's International Management Code
IOPP	International Oil Pollution Prevention certificate
IRS	The U.S. Internal Revenue Service
July 2014 Transactions....................	Has the meaning ascribed to it in Section 6.2.
Lenders	Banks and export credit agencies of the credit agreements, as further described in section 10.7.2
MARPOL......................................	IMO International Convention for the Prevention of Pollution from Ships of 1973
Maryville.....................................	Maryville Maritime Inc.

MIBCA	Marshall Islands Business Corporations Act
Monarc	Monarch Alternative Capital LP
New YJ Builder	Has the meaning ascribed to it in Section 10.7.3
New YJ Owner	Has the meaning ascribed to it in Section 10.7.3
NIBC USD 32.0 million Facility	Has the meaning ascribed to it in Section 10.7.2
NOK	The lawful currency of Norway
Non-Norwegian Shareholders	Shareholders who are not resident in Norway for tax purposes.
Norwegian Code of Practice	The Norwegian Corporate Governance Code of 30 October 2014.
Norwegian CFC-regulations	Norwegian Controlled Foreign Corporations regulations
Norwegian Corporate Shareholders	Norwegian corporate shareholders (i.e. limited liability companies and similar).
Norwegian FSA	The Norwegian Financial Supervisory Authority (Nw. *Finanstilsynet*)
Norwegian Individual Shareholders	Norwegian individual shareholders (i.e. other Norwegian shareholders than Norwegian corporate shareholders).
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 2007 no. 75, as amended.
Norwegian Shareholders	Norwegian Corporate Shareholders taken together with Norwegian Individual Shareholders.
Oaktree Shareholders Agreement	A shareholders agreement entered into with Oaktree in connection with the July 2014 Transactions
OCC	Oceanbulk Container Carriers LLC
OCC Consideration Shares	The Shares the Company will issue under the OCC Transaction
OCC Transaction	Has the meaning ascribed to it in Section 5
OCC Vessels	Three newbuilding Newcastlemax dry bulk vessels to be acquired by the Company in the OCC Transaction
Oceanbulk	Oceanbulk Shipping, Oceanbulk Carriers and Oceanbulk Shipping
Oceanbulk Carriers	Oceanbulk Carriers LLC
Oceanbulk Shipping	Oceanbulk Shipping LLC
OCGH	Oaktree Capital Group Holdings GP, LLC
OCM XL	OCM XL Holdings L.P
OPA	U.S. Oil Pollution Act of 1990
Oslo Stock Exchange	Oslo Børs (a stock exchange operated by Oslo Børs ASA), or as the case may be, Oslo Axess (a regulated market place operated by Oslo

	Børs ASA).
p.a.	per annum.
Pappas Companies	Dioriga Shipping Co. and Positive Shipping Company
Pappas Shareholders	Mr. Petros Pappas and his children, Ms. Milena-Maria Pappas and Mr. Alexandros Pappas, and entities affiliated to them
Parallel 2	Oaktree Opportunities Fund IX (Parallel 2), L.P.
PFIC	A passive foreign investment company
Prospectus	This prospectus dated 29 June 2018.
Prospectus Directive	Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended, regarding information contained in prospectuses.
Publicly-Traded Test	Has the meaning ascribed to it in Section 16.6
Redomiciliation Merger	The acquisition of the initial fleet and merger as a result of which Star Maritime merged into Star Bulk with Star Maritime merging out of existence and Star Bulk being the surviving entity. See Section 6.2.
Registration Rights Agreement	An Amended and Restated Registration Rights Agreement among the Company, Oaktree affiliates of Mr. Petros Pappas and Monarch
Relevant Member State	Each member state of the EEA which has implemented the Prospectus Directive.
Restricted Period	means the six month period commencing on the date the Consideration Shares are distributed to the eligible Songa shareholders.
Restructuring Transactions	A global restructuring of the Company's Senior Secured Credit Facilities completed in August 2016 between the Company and the Lenders, as further described in Section 10.7.2
RLA	Restructuring letter agreements
SCR	A minimum percentage of aggregate vessel value to secured lo
SEC	Securities Act and Exchange Commission
Senior Secured Credit Facilities	Financial and other covenants in the Company's credit agreements, as further described in Section 10.7.2
Shares	The 13,725,000 common shares of the Company that will be issued as part of the Songa Transaction and listed on the Oslo Stock Exchange, each with a par value of USD 0.01 per share.
Sinosure Facility	Has the meaning ascribed to it in Section 10.7.2

Sinosure Financed Vessels................	Has the meaning ascribed to it in Section 10.7.2
SOLAS	IMO International Convention for the Safety of Life at Sea of 1974
Songa	Songa Bulk ASA
Songa Transaction	Has the meaning ascribed to it in Section 5.
Songa Vessels	15 dry-bulk vessels, to be acquired by the Company in the Songa Transaction
SPS...	Ship Procurement Services S.A.
Standstill Agreements.....................	Separate agreements entered into by the Company 31 August 2016, as further described under Section 10.7.2
Starocean	Starocean Manning Philippines, Inc.
Star Bulk Shares	The common shares in Star Bulk Carriers Corp., each with a nominal value of USD 0.01
Star Maritime	Star Maritime Acquisition Corp.
Supplemental Agreement	Supplemental agreement for the permanent restructuring of each Senior Secured Credit Facility, which were finalized in July 2017, as further described in Section 10.7.2
Supramax Tranche.........................	The first tranche of the HSH Nordbank USD 64.5 million Facility, as further described in Section 10.7.2
Sydelle	Sydelle Marine Limited
Sydelle Agreement	A pooling agreement between Sydelle and Domus Shipping LLC, (a fully owned subsidiary of the Company)
SWS..	Shanghai Waigaoqiao Shipbuilding Co.
SWS Builder	Has the meaning ascribed to it in Section 10.7.3
SWS Owner	Has the meaning ascribed to it in Section 10.7.3
U.S. Securities Act.........................	The United States Securities Act of 1933, as amended.
TCE	time charter equivalent
TCE Revenues	Time charter equivalent revenues
Transactions	The Songa Transaction, the Augustea Transaction and the OCC Transaction
Treaty	Treaty of Lisbon
USCG	The United States Coast Guard

USD	The lawful currency of the United States of America
NBG USD 30.0 million Facility	Has the meaning ascribed to it in Section 10.5
USSGTI	United States source gross transportation income
VOF	Oaktree Value Opportunities Fund, L.P.
VPS	The Norwegian Central Securities Depository (Nw. *Verdipapirsentralen*).
VPS Registrar	DNB Bank ASA, Registrar Department

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APPENDIX A – FINANCIAL STATEMENTS

Index to Financial Information — Page

STAR BULK CARRIERS CORP.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Star Bulk Carriers Corp.

We have audited the accompanying consolidated balance sheets of Star Bulk Carriers Corp. (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income/(loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2015. 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Star Bulk Carriers Corp. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Star Bulk Carriers Corp.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 22, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young (Hellas) Certified Auditors-Accountants S.A.

Athens, Greece
March 22, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Star Bulk Carriers Corp.

We have audited Star Bulk Carriers Corp.'s (the "Company") internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Star Bulk Carriers Corp.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Star Bulk Carriers Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Star Bulk Carriers Corp. as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income/(loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2015 of Star Bulk Carriers Corp. and our report dated March 22, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young (Hellas) Certified Auditors-Accountants S.A.

Athens, Greece
March 22, 2016

STAR BULK CARRIERS CORP.
Consolidated Balance Sheets
As of December 31, 2014 and 2015
(Expressed in thousands of U.S. dollars except for share and per share data)

	2014	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 86,000	$ 208,056
Restricted cash, current (Note 8)	3,352	3,769
Trade accounts receivable, net	24,765	10,889
Inventories (Note 4)	14,368	14,247
Due from related parties (Note 3)	245	1,209
Other current assets	1,350	5,284
Prepaid expenses and other receivables	4,350	8,604
Total Current Assets	134,430	252,058
FIXED ASSETS		
Advances for vessels under construction and acquisition of vessels (Note 6)	454,612	127,910
Vessels and other fixed assets, net (Note 5)	1,441,851	1,757,552
Total Fixed Assets	1,896,463	1,885,462
OTHER NON-CURRENT ASSETS		
Long-term investment (Note 3)	634	844
Deferred finance charges, net	8,029	16,037
Restricted cash, non-current (Note 8)	10,620	10,228
Fair value of above market acquired time charter (Note 7)	11,908	254
TOTAL ASSETS	**$ 2,062,084**	**$ 2,164,883**
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long term debt (Note 8)	$ 88,317	$ 127,141
Lease commitments short term (Note 5)	—	4,490
Excel Vessel Bridge Facility from related parties, current portion (Note 3 & Note 8)	8,168	—
Accounts payable	18,487	9,436
Advances from sale of vessel (Note 5)	1,100	—
Due to related parties (Note 3)	2,166	422
Due to managers	—	2,291
Accrued liabilities (Note 15)	13,738	14,773
Derivative liability, current (Note 19)	5,722	5,931
Deferred revenue	2,500	2,465
Total Current Liabilities	140,198	166,949
NON-CURRENT LIABILITIES		
8.00% 2019 Notes (Note 8)	50,000	50,000
Long term debt (Note 8)	667,315	734,597
Lease commitments long term (Note 5)	—	75,030
Excel Vessel Bridge Facility from related parties, non current portion (Note 3 & Note 8)	47,993	—
Derivative liability, non-current (Note 19)	2,010	2,518
Other non-current liabilities	266	431
TOTAL LIABILITIES	907,782	1,029,525
COMMITMENTS & CONTINGENCIES (Note 17)	—	—
STOCKHOLDERS' EQUITY		
Preferred Stock; $0.01 par value, authorized 25,000,000 shares; none issued or outstanding at December 31, 2014 and 2015 (Note 9)	—	—
Common Stock, $0.01 par value, 300,000,000 shares authorized; 109,426,236 and 219,105,712 shares issued and outstanding at December 31, 2014 and 2015, respectively (Note 9)	1,094	2,191
Additional paid in capital (Note 9)	1,567,713	2,006,687
Accumulated other comprehensive income/(loss) (Note 19)	(378)	(1,216)
Accumulated deficit	(414,127)	(872,304)
Total Stockholders' Equity	1,154,302	1,135,358
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 2,062,084**	**$ 2,164,883**

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Operations
For the years ended December 31, 2013, 2014 and 2015
(Expressed in thousands of U.S. dollars except for share and per share data)

	2013	2014	2015
Revenues:			
Voyage revenues	$ 68,296	$ 145,041	$ 234,035
Management fee income (Note 3)	1,598	2,346	251
	69,894	147,387	234,286
Expenses			
Voyage expenses (Note 18)	7,549	42,341	72,877
Charter-in hire expenses	—	—	1,025
Vessel operating expenses (Note 18)	27,087	53,096	112,796
Dry docking expenses	3,519	5,363	14,950
Depreciation	16,061	37,150	82,070
Management fees (Note 12)	—	158	8,436
General and administrative expenses	9,910	32,723	23,621
Bad debt expense	—	215	—
Impairment loss (Note 5, Note 6 and Note 19)	—	—	321,978
Loss on time-charter agreement termination (Note 7)	—	—	2,114
Other operational loss (Note 11)	1,125	94	—
Other operational gain (Note 10)	(3,787)	(10,003)	(592)
Loss on sale of vessel (Note 5)	87	—	20,585
Gain from bargain purchase (Note 1)	—	(12,318)	—
	61,551	148,819	659,860
Operating income/(loss)	**8,343**	**(1,432)**	**(425,574)**
Other Income/(Expenses):			
Interest and finance costs (Note 8)	(6,814)	(9,575)	(29,661)
Interest and other income	230	629	1,090
Gain/(Loss) on derivative financial instruments, net (Note 19)	91	(799)	(3,268)
Loss on debt extinguishment (Note 8)	—	(652)	(974)
Total other expenses, net	**(6,493)**	**(10,397)**	**(32,813)**
Income/(Loss) before equity in income of investee	**1,850**	**(11,829)**	**(458,387)**
Equity in income of investee (Note 3)	—	106	210
Net income/(loss)	**$ 1,850**	**$ (11,723)**	**$ (458,177)**
Earnings/(loss) per share, basic (Note 14)	$ 0.13	$ (0.20)	$ (2.34)
Earnings/(loss) per share, diluted (Note 14)	$ 0.13	$ (0.20)	$ (2.34)
Weighted average number of shares outstanding, basic (Note 14)	14,051,344	58,441,193	195,623,363
Weighted average number of shares outstanding, diluted (Note 14)	14,116,389	58,441,193	195,623,363

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Comprehensive Income / (Loss)
For the years ended December 31, 2013, 2014 and 2015
(Expressed in thousands of U.S. dollars except for share and per share data)

	2013	2014	2015
Net income/(loss):	$ 1,850	$ (11,723)	$ (458,177)
Other comprehensive income/(loss):			
Unrealized losses from cash flow hedges:			
Unrealized gain from hedging interest rate swaps recognized in Other comprehensive income / (loss) before reclassifications (Note 19)	—	(1,433)	(5,047)
Less:			
Reclassification adjustments of interest rate swap loss (Note 19)	—	1,055	4,209
Other comprehensive income/(loss):	—	(378)	(838)
Comprehensive income/(loss)	$ 1,850	$ (12,101)	$ (459,015)

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Stockholders' Equity
For the years ended December 31, 2013, 2014 and 2015
(Expressed in thousands of U.S. dollars except for share and per share data)

	Common Stock					
	# of Shares	**Par Value**	**Additional Paid-in Capital**	**Other Comprehensive income/(loss)**	**Accumulated deficit**	**Total Stockholders' Equity**
BALANCE, January 1, 2013	**5,400,810**	**$ 54**	**$ 520,946**	**$ —**	**$ (404,254)**	**$ 116,746**
Net income/(loss) for the year ended December 31, 2013	—	$ —	$ —	$ —	$ 1,850	$ 1,850
Issuance of common stock (Note 9)	23,388,861	234	145,788	—	—	146,022
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 13)	270,000	3	1,485	—	—	1,488
BALANCE, December 31, 2013	**29,059,671**	**$ 291**	**$ 668,219**	**$ —**	**$ (402,404)**	**$ 266,106**
Net income/(loss) for the year ended December 31, 2014	—	$ —	$ —	$ —	$ (11,723)	$ (11,723)
Other comprehensive loss	—	—	—	(378)	—	(378)
Issuance of common stock - Acquisition of 33% of Interchart (Note 9)	22,598	—	328	—	—	328
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 13)	580,342	5	5,829	—	—	5,834
Issuance of common stock Merger & Pappas Transaction (Note 1)	51,988,494	520	615,752	—	—	616,272
Issuance of common stock Heron Transaction in escrow account (Note 1)	2,115,706	21	25,058	—	—	25,079
Issuance of common stock Excel Transactions (Note 1)	25,659,425	257	252,527	—	—	252,784
BALANCE, December 31, 2014	**109,426,236**	**$ 1,094**	**$ 1,567,713**	**$ (378)**	**$ (414,127)**	**$ 1,154,302**
Net income/(loss) for the year ended December 31, 2015	—	$ —	$ —	$ —	$ (458,177)	$ (458,177)
Other comprehensive loss	—	—	—	(838)	—	(838)
Amortization of stock-based compensation (Note 13)	—	—	2,684	—	—	2,684
Issuance of common shares (Note 9)	105,250,418	1,053	416,744	—	—	417,797
Issuance of shares for commission to Oceanbulk Maritime (Note 3)	171,171	2	280	—	—	282
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 13)	4,257,887	42	19,266	—	—	19,308
BALANCE, December 31, 2015	**219,105,712**	**$ 2,191**	**$ 2,006,687**	**$ (1,216)**	**$ (872,304)**	**$ 1,135,358**

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Cash Flows
For the years ended December 31, 2013, 2014 and 2015
(Expressed in thousands of U.S. dollars)

	2013	2014	2015
Cash Flows from Operating Activities:			
Net income/(loss)	$ 1,850	$ (11,723)	$ (458,177)
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:			
Depreciation	16,061	37,150	82,070
Amortization of fair value of above market acquired time charters (Note 7)	6,352	6,113	9,540
Amortization of deferred finance charges (Note 8)	522	681	2,732
Amortization of deferred gain (Note 5)	—	—	(22)
Loss on debt extinguishment (Note 8)	—	652	974
Loss on time-charter agreement termination (Note 7)	—	—	2,114
Impairment loss (Note 19)	—	—	321,978
Loss on sale of vessel (Note 5)	87	—	20,585
Stock-based compensation (Note 13)	1,488	5,834	2,684
Non-cash effects of derivatives (Note 19)	(91)	1,717	(121)
Other non-cash charges	38	66	38
Bad debt expense	—	215	—
Gain from insurance claim	(1,030)	(237)	—
Gain from bargain purchase (Note 1)	—	(12,318)	—
Write-off of liability in other operational gain (non cash gain) (Note 10)	—	(1,361)	—
Equity in income of investee (Note 3)	—	(106)	(210)
Changes in operating assets and liabilities:			
(Increase)/Decrease in:			
Trade accounts receivable	2,766	(16,057)	13,876
Inventories	1,887	(5,409)	121
Prepaid expenses and other current assets	(131)	(2,328)	(8,497)
Due from related parties	(339)	287	(964)
Increase/(Decrease) in:			
Accounts payable	(1,626)	1,995	(5,276)
Due to related parties	297	(449)	(1,744)
Accrued liabilities	350	6,713	1,465
Due to managers	—	—	2,291
Deferred revenue	(986)	1,384	(35)
Net cash provided by/(used in) Operating Activities	27,495	12,819	(14,578)
Cash Flows provided by/(used in) Investing Activities:			
Advances for vessels under construction and acquisition of vessels and other assets	(127,814)	(518,447)	(473,917)
Cash paid for above market acquired time charters (Note 7)	—	(4,856)	—
Cash proceeds from vessel sale (Note 5)	8,267	1,100	70,300
Long term investment (Note 3)	—	(200)	—
Cash received from Merger & Pappas Transaction (Note 1)	—	96,268	—
Hull and Machinery Insurance proceeds	4,265	550	309
Proceeds from cancellation of vessels under construction	—	—	5,800
Decrease in restricted cash	7,664	35	4,500
Increase in restricted cash	—	(11,525)	(4,525)
Net cash provided by/(used in) Investing Activities	(107,618)	(437,075)	(397,533)
Cash Flows provided by/(used in) Financing Activities:			
Proceeds from bank loans and 8.00% 2019 Notes	—	637,207	373,993
Loan prepayments and repayments	(33,780)	(173,986)	(244,529)
Financing fees paid	(271)	(6,513)	(13,094)
Proceeds from issuance of common stock	150,905	—	418,771
Offering expenses paid related to the issuance of common stock	(4,883)	—	(974)
Net cash provided by/(used in) Financing Activities	111,971	456,708	534,167
Net increase in cash and cash equivalents	31,848	32,452	122,056
Cash and cash equivalents at beginning of year	21,700	53,548	86,000
Cash and cash equivalents at end of the year	$ 53,548	$ 86,000	$ 208,056
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year for:			

Interest, net of amount capitalized	6,156	5,803	29,813

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

1. Basis of Presentation and General Information:

The accompanying consolidated financial statements as of and for the years ended December 31, 2013, 2014 and 2015, include the accounts of Star Bulk Carriers Corp. ("Star Bulk") and its wholly owned subsidiaries as set forth below (collectively, the "Company").

Star Bulk was incorporated on December 13, 2006 under the laws of the Marshall Islands and maintains executive offices in Athens, Greece. The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership and operation of dry bulk carrier vessels. Since December 3, 2007, Star Bulk shares trade on the NASDAQ Global Select Market under the ticker symbol SBLK.

The July 2014 Transactions

On July 11, 2014, the Company, as part of its growth strategy, completed a transaction that resulted in the acquisition of Oceanbulk Shipping LLC ("Oceanbulk Shipping") and Oceanbulk Carriers LLC ("Oceanbulk Carriers", and together with Oceanbulk Shipping, "Oceanbulk") from Oaktree Dry Bulk Holdings LLC (including affiliated funds, "Oaktree") and Millennia Holdings LLC ("Millennia Holdings", and together with Oaktree, the "Oceanbulk Sellers" or "Sellers") through the merger of the Company's wholly-owned subsidiaries, Star Synergy LLC and Star Omas LLC, into Oceanbulk's holding companies (the "Merger"). At the time of the Merger, Oceanbulk owned and operated a fleet of 12 dry bulk carrier vessels and owned contracts for the construction of 25 newbuilding fuel-efficient Eco-type dry bulk vessels at shipyards in Japan and China. Millennia Holdings is an entity that is affiliated with the family of Mr. Petros Pappas, who became the Company's Chief Executive Officer in connection with the Merger.

The agreement governing the Merger, the "Merger Agreement", also provided for the acquisition (the "Heron Transaction") by the Company of two Kamsarmax vessels (the "Heron Vessels"), from Heron Ventures Ltd. ("Heron"), a limited liability company incorporated in Malta, which was a joint venture between Oceanbulk Shipping and a third party. Oceanbulk Shipping at the time of the Merger had an outstanding loan receivable of $23,680 from Heron that was convertible into 50% of the equity interests of Heron (the "Heron Convertible Loan"). The Heron Convertible Loan was converted into 50% of the equity of Heron on November 5, 2014. The Company issued 2,115,706 of its common shares into escrow as part of the consideration for the acquisition of the Heron Vessels. The common shares were released from escrow to the Sellers on January 30, 2015, following the transfer of the Heron Vessels to the Company on December 5, 2014 (Note 5). In addition to the issued shares, upon the delivery of the Heron vessels the Company paid $25,000 in cash, which was financed by the Heron Vessels Facility (described in Note 8t), which the Company had entered in November 2014.

In addition, concurrently with the Merger, the Company completed a transaction (the "Pappas Transaction"), in which it acquired all of the issued and outstanding shares of Dioriga Shipping Co. and Positive Shipping Company (collectively, the "Pappas Companies"), which were entities owned and controlled by affiliates of the family of Mr. Pappas. At the time of the Merger, the Pappas Companies owned and operated a dry bulk carrier vessel (*Tsu Ebisu*) and had a contract for the construction of a newbuilding dry bulk carrier vessel (*Indomitable* - ex-HN 5016), which was delivered in January 2015. The Merger, the Heron Transaction and the Pappas Transaction are referred to, together, as the "July 2014 Transactions".

A total of 54,104,200 of the Company's common shares were issued to the various selling parties in the July 2014 Transactions, consisting of 48,395,766 common shares consideration for the Merger with Oceanbulk, 3,592,728 common shares consideration for the acquisition of Pappas Companies and 2,115,706 common shares partial consideration for the acquisition of the Heron Vessels.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

The Merger and the Pappas Transaction have been reflected in the Company's consolidated financial statements for the year ended December 31, 2014, as purchases of businesses pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, "*Business Combinations*", and the results of operations of Oceanbulk and the Pappas Companies have been included in the accompanying consolidated statement of operations since July 11, 2014, the date the Merger and the Pappas Transaction were completed. The following table summarizes the estimated fair values of the significant assets acquired and liabilities assumed by the Company on the date of the acquisition with respect to the Merger and the Pappas Transaction:

		July 11, 2014
Assets		
Cash and cash equivalents	$	89,887
Restricted cash		6,381
Other current assets		13,906
Advances for vessel acquisition and vessels under construction		316,786
Vessels		426,000
Fair value of above market acquired charters		1,967
Total Assets acquired	**$**	**854,927**
Liabilities		
Current liabilities, excluding current portion of long term bank debt and derivative financial liabilities		12,372
Long-term debt, including current portion		208,237
Derivative financial liabilities		5,728
Total Liabilities assumed	**$**	**226,337**
Net assets acquired	**$**	**628,590**
Consideration paid in common shares for Oceanbulk and Pappas Companies (51,988,494 shares issued)		616,272
Gain from Bargain Purchase	**$**	**12,318**

The purchase price allocation was prepared by the Company, assisted by a third party expert, based on management estimates and assumptions, making use of available market data and taking into consideration third party valuations. Major adjustments to record the acquired assets and assumed liabilities at fair value include:

(a) a $158,523 fair value adjustment recognized for vessels under construction, as supported by vessel valuations of independent shipbrokers on a fully delivered and charter free basis, through Level 2 of the fair value hierarchy based on observable inputs, prevailing in the sale and purchase market of similar vessels on June 23, 2014, which, according to the third party appraiser and management estimates and based on the then current market trends were not materially different from the values on July 11, 2014;

1. Basis of Presentation and General Information – (continued):

(b) a $79,465 fair value adjustment recognized for vessels in operation, as supported by vessel valuations of independent shipbrokers on a charter free basis, through Level 2 of the fair value hierarchy based on observable inputs, prevailing in the sale and purchase market of similar vessels on June 23, 2014, which, according to the third party appraiser and management estimates and based on the then current market trends were not materially different from the values on July 11, 2014;

(c) a write-off of the Heron Convertible Loan of $23,680, as further discussed below, on the basis that no economic benefit is expected to be provided to the Company from Heron's liquidation process (other than the distribution of the Heron Vessels in exchange for separate consideration of 2,115,706 common shares and $25,000 in cash) with any distributable cash from the liquidation of Heron to be transferred to the former owners of Oceanbulk Shipping as further discussed in Note 17.2;

(d) a write-off of $3,003 deferred finance costs with respect to financing arrangements that, according to the third party appraiser and management estimates, are not expected to provide any ongoing benefit to the business;

(e) a $1,967 intangible asset recognized with respect to a fair value adjustment for two favorable charters under which Oceanbulk is the lessor, through Level 2 of the fair value hierarchy based on observable inputs, by comparing the discounted cash flows under the existing charters with those that could be obtained in the then current market by vessels of similar size and age for the remaining charter period. The respective intangible asset will be amortized on a straight-line basis over the remaining period of the time charters which are scheduled to end during the first and second quarter of 2016 (please refer to Note 7).

The fair value of the share consideration issued in the July 2014 Transactions was based on the market price of $11.854 per share of the Company's common shares.

The resulting gain from bargain purchase from the acquisition of Oceanbulk and the Pappas Companies of $12,318 is separately presented in the accompanying consolidated statement of operations for the year ended December 31, 2014. The gain from bargain purchase is primarily attributable to the estimates of the fair value of the assets acquired and liabilities assumed and the subsequent stability or slightly declining market value of dry bulk carrier vessels since the signing of the agreements relating to the July 2014 Transactions, combined with the simultaneous decline in stock prices for most U.S. listed shipping companies, including Star Bulk, which had at the time of the Merger decreased by a greater amount than their net asset values.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

The following unaudited financial information reflects the results of operations of Oceanbulk and Pappas Companies since the acquisition date included in the Company's consolidated statement of operations for the year ended December 31, 2014:

		Oceanbulk		Pappas Companies
Voyage revenues	$	39,585	$	2,249
Operating income/(loss)	$	(645)	$	111
Net loss	$	(4,822)	$	(213)

The following unaudited pro forma consolidated financial information reflects the results of operations for the years ended December 31, 2013 and 2014, as if the Merger and the Pappas Transaction had been consummated on January 1, 2013 and after giving effect to purchase accounting adjustments, including the nonrecurring pro forma reversal of: (i) the gain from bargain purchase of $12,318 in 2014; (ii) all acquisition-related transaction costs of $12,757 in 2014; and (iii) the interest expense of $1,412 in 2013 and $1,816 in 2014, with respect to the convertible loan owed by Oceanbulk to its members, which was converted into equity because of the Merger, as if the conversion had taken place on January 1, 2013. These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what operating results would have been, had the Merger and the Pappas Transaction actually taken place on January 1, 2013. In addition, these results are not intended to be a projection of future results and do not reflect any synergies that might be achieved from the combined operations:

		2013		2014
Pro forma revenues	$	82,090	$	177,654
Pro forma operating loss	$	(1,172)	$	(10,296)
Pro forma net loss	$	(10,604)	$	(24,075)
Pro forma loss per share, basic and diluted	$	(0.15)	$	(0.27)

The Heron Transaction has been reflected in the Company's consolidated financial statements for the year ended December 31, 2014, as a purchase of assets with the acquisition cost of the two Heron Vessels delivered on December 5, 2014, consisting of the value of the 2,115,706 common shares issued on July 11, 2014, of $25,080, and $25,000 in cash, financed by the Heron Vessels Facility (Note 17.2) being recorded within "Vessels and other fixed assets, net" in the accompanying consolidated balance sheets, net of accumulated depreciation (Note 5). As discussed above, as part of the purchase price allocation as of July 11, 2014, the Company assigned zero value to the Heron Convertible Loan, as no economic benefit is expected to be provided to the Company from Heron's liquidation process, since any distributable cash from the liquidation of Heron will be transferred to the former owners of Oceanbulk Shipping and not to the Company as further discussed in Note 17.2 below.

1. Basis of Presentation and General Information – (continued):

On September 5, 2014, Oceanbulk Shipping, which became, following the Merger a wholly owned subsidiary of Star Bulk, entered into a term sheet with ABY Group Holdings Limited ("ABY Group") and Heron. The term sheet provided for the conversion of the Heron Convertible Loan. Among other things, the term sheet contained customary governance provisions and provisions relating to the liquidation of Heron following the conversion of the Heron Convertible Loan. Under the term sheet, Oceanbulk Shipping received as a distribution the vessels *Star Gwyneth (ex-ABYO Gwyneth*) and *Star Angelina (ex-ABYO Angelina*) (two Kamsarmax vessels of 82,790 dwt and 82,981 dwt, respectively), and ABY Group received, as a distribution, the *ABYO Audrey* (a Capesize vessel of 175,125 dwt) and the *ABYO Oprah* (a Kamsarmax vessel of 82,551 dwt). On November 5, 2014, the conversion of the Heron Convertible Loan into 50% of the equity interests of Heron was completed. However, such conversion did not affect the Company's financial statements since, as further discussed above and in Note 17.2, pursuant to the provisions of the Merger Agreement, the former owners of Oceanbulk will effectively remain the ultimate beneficial owners of Heron until Heron is dissolved and any distributable cash from the liquidation of Heron will be transferred to the former owners of Oceanbulk Shipping and not to the Company.

The Company incurred transaction costs and a stock based compensation expense relating to the July 2014 Transactions of $9,364 and $1,808, respectively, which are included in "General and administrative expenses" in the accompanying consolidated statement of operations for the year ended December 31, 2014.

The Excel Transactions

On August 19, 2014, the Company entered into definitive agreements with Excel Maritime Carriers Ltd. ("Excel") pursuant to which (the "Excel Transactions") the Company acquired 34 operating dry bulk vessels, consisting of six Capesize vessels, 14 sistership Kamsarmax vessels, 12 Panamax vessels and two Handymax vessels (the "Excel Vessels") for an aggregate consideration of 29,917,312 of its common shares (the "Excel Vessel Share Consideration") and $288,391 in cash (Note 3). The Excel Vessels were transferred to the Company in a series of closings, on a vessel-by-vessel basis, in general upon reaching port after their current voyages and cargoes were discharged. The last Excel Vessel was delivered to the Company in April 2015.

In the case of three Excel Vessels (*Star Martha* (ex *Christine*), *Star Pauline* (ex *Sandra*) and *Star Despoina* (ex *Lowlands Beilun*)), which were transferred subject to existing charters, the Company acquired the outstanding equity interests of the vessel-owning subsidiaries that own those Excel Vessels (although all other assets and liabilities of such vessel-owning subsidiaries remained with Excel). The delivery of each Excel Vessel has been reflected in the Company's financial statements as a purchase of assets.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

At the transfer of each Excel Vessel, the Company paid the cash and share consideration for such Excel Vessel to Excel. The Company used cash on hand, together with borrowings under (i) a $231,000 secured bridge loan facility (the "Excel Vessel Bridge Facility") provided to the Company by Excel's majority equity holders, which are entities affiliated with Oaktree and entities affiliated with Angelo, Gordon & Co. ("Angelo, Gordon"), or (ii) other bank borrowings, to fund part of the cash consideration for the acquisition of the Excel Vessels (Notes 3 and 8). Excel used the cash consideration to cause an amount of outstanding indebtedness under its senior secured credit agreement to be repaid, such that all liens and obligations with respect to each transferred Excel Vessel were released upon its transfer to the Company.

Below is the list of the Company's wholly owned subsidiaries as of December 31, 2015:

Subsidiaries owning vessels in operation at December 31, 2015

	Wholly Owned Subsidiaries	Vessel Name	DWT	Date Delivered to Star Bulk	Year Built
1	Sea Diamond Shipping LLC	*Goliath (1)*	209,537	July 15, 2015	2015
2	Pearl Shiptrade LLC	*Gargantua (1)*	209,529	April 2, 2015	2015
3	Coral Cape Shipping LLC	*Maharaj (1)*	209,472	July 15, 2015	2015
4	L.A. Cape Shipping LLC	*Deep Blue (1), (4)*	182,608	May 27, 2015	2015
5	Cape Ocean Maritime LLC	*Leviathan (1)*	182,511	September 19, 2014	2014
6	Cape Horizon Shipping LLC	*Peloreus (1)*	182,496	July 22, 2014	2014
7	Positive Shipping Company	*Indomitable (1), (4)*	182,476	January 8, 2015	2015
8	OOCape1 Holdings LLC	*Obelix (1), (4)*	181,433	July 11, 2014	2011
9	Sandra Shipco LLC	*Star Pauline (ex Sandra) (2)*	180,274	December 29, 2014	2008
10	Christine Shipco LLC	*Star Martha (ex Christine) (2)*	180,274	October 31, 2014	2010
11	Pacific Cape Shipping LLC	*Pantagruel (1)*	180,181	July 11, 2014	2004
12	Star Borealis LLC	*Star Borealis*	179,678	September 9, 2011	2011
13	Star Polaris LLC	*Star Polaris*	179,600	November 14, 2011	2011
14	Star Trident V LLC	*Star Angie (2)*	177,931	October 29, 2014	2007
15	Sky Cape Shipping LLC	*Big Fish (1)*	177,643	July 11, 2014	2004
16	Global Cape Shipping LLC	*Kymopolia (1)*	176,990	July 11, 2014	2006
17	Sea Cape Shipping LLC	*Big Bang (1)*	174,109	July 11, 2014	2007
18	Star Aurora LLC	*Star Aurora*	171,199	September 8, 2010	2000
19	Lowlands Beilun Shipco LLC	*Star Despoina (ex Lowlands Beilun) (2)*	170,162	December 29, 2014	1999
20	Star Trident VII LLC	*Star Eleonora (2)*	164,218	December 3, 2014	2001
21	Star Trident VI LLC	*Star Monisha (2)*	164,218	February 2, 2015	2001
22	Nautical Shipping LLC	*Amami (1)*	98,681	July 11, 2014	2011
23	Majestic Shipping LLC	*Madredeus (1)*	98,681	July 11, 2014	2011
24	Star Sirius LLC	*Star Sirius*	98,681	March 7, 2014	2011
25	Star Vega LLC	*Star Vega*	98,681	February 13, 2014	2011

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

26	Star Alta I LLC	*Star Angelina (3)*	82,981	December 5, 2014	2006
27	Star Alta II LLC	*Star Gwyneth (3)*	82,790	December 5, 2014	2006
28	Star Trident I LLC	*Star Kamila (2)*	82,769	September 3, 2014	2005
29	Grain Shipping LLC	*Pendulum (1)*	82,619	July 11, 2014	2006
30	Star Trident XIX LLC	*Star Maria (2)*	82,598	November 5, 2014	2007
31	Star Trident XII LLC	*Star Markella (2)*	82,594	September 29, 2014	2007
32	Star Trident IX LLC	*Star Danai (2)*	82,574	October 21, 2014	2006
33	Star Trident XI LLC	*Star Georgia (2)*	82,298	October 14, 2014	2006
34	Star Trident VIII LLC	*Star Sophia (2)*	82,269	October 31, 2014	2007
35	Star Trident XVI LLC	*Star Mariella (2)*	82,266	September 19, 2014	2006
36	Star Trident XIV LLC	*Star Moira (2)*	82,257	November 19, 2014	2006
37	Star Trident XVIII LLC	*Star Nina (2)*	82,224	January 5, 2015	2006
38	Star Trident X LLC	*Star Renee (2)*	82,221	December 18, 2014	2006
39	Star Trident II LLC	*Star Nasia (2)*	82,220	August 29, 2014	2006
40	Star Trident XIII LLC	*Star Laura (2)*	82,209	December 8, 2014	2006
41	Star Trident XV LLC	*Star Jennifer (2)*	82,209	April 15, 2015	2006
42	Star Trident XVII LLC	*Star Helena (2)*	82,187	December 29, 2014	2006
43	Mineral Shipping LLC	*Mercurial Virgo (1)*	81,545	July 11, 2014	2013
44	KMSRX Holdings LLC	*Magnum Opus (1), (4)*	81,022	July 11, 2014	2014
45	Dioriga Shipping Co.	*Tsu Ebisu (1), (4)*	81,001	July 11, 2014	2014
46	Star Trident III LLC	*Star Iris (2)*	76,466	September 8, 2014	2004
47	Star Trident IV LLC	*Star Aline (2)*	76,429	September 4, 2014	2004
48	Star Trident XX LLC	*Star Emily (2)*	76,417	September 16, 2014	2004
49	Star Trident XXV LLC	*Star Vanessa (2)*	72,493	November 7, 2014	1999
50	Spring Shipping LLC	*Idee Fixe (1)*	63,458	March 25, 2015	2015
51	Orion Maritime LLC	*Roberta (1)*	63,426	March 31, 2015	2015
52	Success Maritime LLC	*Laura (1)*	63,399	April 7, 2015	2015
53	Ultra Shipping LLC	*Kaley (1)*	63,283	June 26, 2015	2015
54	Star Challenger I LLC	*Star Challenger*	61,462	December 12, 2013	2012
55	Star Challenger II LLC	*Star Fighter*	61,455	December 30, 2013	2013
56	Aurelia Shipping LLC	*Honey Badger (1)*	61,320	February 27, 2015	2015
57	Rainbow Maritime LLC	*Wolverine (1)*	61,292	February 27, 2015	2015
58	Star Axe I LLC	*Star Antares*	61,258	October 9, 2015	2015
59	Star Asia I LLC	*Star Aquarius*	60,916	July 22, 2015	2015
60	Star Asia II LLC	*Star Pisces*	60,916	August 7, 2015	2015
61	Glory Supra Shipping LLC	*Strange Attractor (1)*	55,742	July 11, 2014	2006
62	Star Omicron LLC	*Star Omicron*	53,489	April 17, 2008	2005
63	Star Gamma LLC	*Star Gamma*	53,098	January 4, 2008	2002
64	Star Zeta LLC	*Star Zeta*	52,994	January 2, 2008	2003
65	Star Delta LLC	*Star Delta*	52,434	January 2, 2008	2000
66	Star Theta LLC	*Star Theta*	52,425	December 6, 2007	2003

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

67	Star Epsilon LLC	*Star Epsilon*	52,402	December 3, 2007	2001
68	Star Cosmo LLC	*Star Cosmo*	52,246	July 1, 2008	2005
69	Star Kappa LLC	*Star Kappa*	52,055	December 14, 2007	2001
70	Star Trident XXX LLC	*Star Michele (2)*	45,588	October 14, 2014	1998
		Total dwt	**7,362,579**		

(1) Vessels acquired pursuant to the Merger and the Pappas Transaction

(2) Vessels acquired pursuant to the Excel Transactions

(3) Vessels acquired from Heron

(4) Vessels agreed to be sold (Note 20)

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

Subsidiaries owning newbuildings at December 31, 2015

	Wholly Owned Subsidiaries	Newbuildings Name	Type	DWT	Expected Delivery Date
1	Star Ennea LLC	HN NE 198 (tbn *Star Poseidon*) (Note 20)	Newcastlemax	209,000	February 2016
2	Star Seeker LLC	HN 1372 (tbn *Star Libra*) (5)	Newcastlemax	208,000	April 2016
3	Clearwater Shipping LLC	HN 1359 (tbn *Star Marisa*) (5) (Note 20)	Newcastlemax	208,000	March 2016
4	Star Castle I LLC	HN 1342 (tbn *Star Gemini*)	Newcastlemax	208,000	July 2017
5	Domus Shipping LLC	HN 1360 (tbn *Star Ariadne*) (5)	Newcastlemax	208,000	February 2017
6	Star Breezer LLC	HN 1371 (tbn *Star Virgo*) (5)	Newcastlemax	208,000	January 2017
7	Star Castle II LLC	HN 1343 (tbn *Star Leo*) (7)	Newcastlemax	208,000	January 2018
8	Festive Shipping LLC	HN 1361 (tbn *Star Magnanimus*) (5)	Newcastlemax	208,000	January 2018
9	Cape Confidence Shipping LLC	HN 5055 *(tbn Behemoth)* (6)	Capesize	182,000	January 2016
10	Cape Runner Shipping LLC	HN 5056 *(tbn Megalodon)* (6)	Capesize	182,000	January 2016
11	Olympia Shiptrade LLC	HN 1312 *(tbn Bruno Marks)* (6)	Capesize	180,000	January 2016
12	Victory Shipping LLC	HN 1313 *(tbn Jenmark)* (6)	Capesize	180,000	March 2016
13	Star Cape I LLC	HN 1338 (tbn *Star Aries*) (6)	Capesize	180,000	February 2016
14	Star Cape II LLC	HN 1339 (tbn *Star Taurus*) (6)	Capesize	180,000	April 2016
15	Blooming Navigation LLC	HN 1080 *(tbn Kennadi)* (Note 20)	Ultramax	64,000	January 2016
16	Jasmine Shipping LLC	HN 1081 *(tbn Mackenzie)* (Note 20)	Ultramax	64,000	March 2016
17	Oday Marine LLC	HN 1082 *(tbn Night Owl)*	Ultramax	64,000	March 2016
18	Searay Maritime LLC	HN 1083 *(tbn Early Bird)*	Ultramax	64,000	April 2016
19	Star Axe II LLC	HN NE 197 (tbn *Star Lutas*) (Note 20)	Ultramax	61,000	January 2016

(5) Subject to a bareboat capital lease (Note 6)

(6) Newbuilding vessels agreed to be sold (Note 20)

(7) Newbuilding vessel agreed to be sold and chartered back under a capital lease (Note 6)

1. Basis of Presentation and General Information – (continued):

Non-vessel owning subsidiaries at December 31, 2015

Wholly Owned Subsidiaries
Star Bulk Management Inc.
Starbulk S.A.
Star Bulk Manning LLC
Star Bulk Shipmanagement Company (Cyprus) Limited
Optima Shipping Limited
Star Omas LLC
Star Synergy LLC
Oceanbulk Shipping LLC
Oceanbulk Carriers LLC
International Holdings LLC
Unity Holding LLC
Star Bulk (USA) LLC
Star Trident XXI LLC (8)
Star Trident XXIV LLC (8)
Star Trident XXVII LLC (8)
Star Trident XXXI LLC (8)
Star Trident XXIX LLC (8)
Star Trident XXVIII LLC (8)
Star Trident XXVI LLC (8)
Lamda LLC (8)
Star Trident XXII LLC (8)
Star Trident XXIII LLC (8)
Star Alpha LLC (8)
Star Beta LLC (8)
Star Ypsilon LLC (8)
Star Mega LLC (8)
Star Big LLC (8)
Gravity Shipping LLC (8)
White Sand Shipping LLC (8)
Premier Voyage LLC (8)

(8) Owning companies of vessels which have been sold and currently have no operations

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

Below is the list of the vessels which were under commercial and technical management by Star Bulk's wholly owned subsidiary, Starbulk S.A., during the year ended December 31, 2014. For each vessel, Starbulk S.A. received a fixed management fee of $0.75 per day. Only the vessel *Serenity I*, listed in the below table, was under Starbulk S.A's commercial and technical management during the year ended December 31, 2015. As of October 1, 2015, the management fee that the Company received for Serenity I was changed to $0.50 per day.

Vessel Owning Company	Vessel Name	DWT	Effective Date of Management Agreement	Year Built
Global Cape Shipping LLC (10)	*Kymopolia*	176,990	January 30, 2014	2006
OOCAPE1 Holdings LLC (10)	*Obelix*	181,433	October 19, 2012	2011
Pacific Cape Shipping LLC (10)	*Pantagruel*	180,181	October 24, 2013	2004
Sea Cape Shipping LLC (10)	*Big Bang*	174,109	August 30, 2013	2007
Sky Cape Shipping LLC (10)	*Big Fish*	177,643	October 18, 2013	2004
Majestic Shipping LLC (10)	*Madredeus*	98,681	February 4, 2014	2011
Nautical Shipping LLC (10)	*Amami*	98,681	February 4, 2014	2011
Grain Shipping LLC (10)	*Pendulum*	82,619	February 17, 2014	2006
Mineral Shipping LLC (10)	*Mercurial Virgo*	81,545	February 17, 2014	2013
Adore Shipping Corp.	*Renascentia* (11)	74,732	June 20, 2013	1999
Hamon Shipping Inc	*Marto* (12)	74,470	August 2, 2013	2001
Glory Supra Shipping LLC (10)	*Strange Attractor*	55,742	September 24, 2013	2006
Premier Voyage LLC (10)	*Maiden Voyage*	58,722	September 28, 2012	2012
Serenity Maritime Inc.	*Serenity I*	53,688	June 11, 2011	2006

(10) These companies were subsidiaries of Oceanbulk and related parties to the Company (please refer to Note 3), which became wholly owned subsidiaries following the completion of the Merger on July 11, 2014, when the respective management agreements were terminated.

(11) On June 20, 2014, this vessel was sold and the management agreement between Starbulk S.A. and the previous owners was terminated. The Company received management fees for a period of two months following the termination date, in accordance with the terms of the management agreement.

(12) On July 3, 2014, the Company received a notice of termination of the management agreement for this vessel. The management agreement was terminated upon the vessel's delivery to its new managers, on August 20, 2014. The Company received management fees for a period of three months following the termination date, in accordance with the terms of the management agreement.

Below is the vessel which was chartered in as part of the sale and leaseback transaction that the Company has entered into for the previously owned vessel Maiden Voyage, which is currently named *Astakos* (Note 5).

Vessel Name	Type	DWT	Year Built
Astakos	Supramax	58,722	2012
	Total dwt:	**58,722**	

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

No charterer accounted for more than 10% of the Company's voyage revenue in 2015. Charterers who individually accounted for more than 10% of the Company's voyage revenues during the years ended December 31, 2013, 2014 are as follows:

Charterer	2013	2014	2015
A	13%	12%	4%
B	34%	12%	3%

The outstanding accounts receivable balance as at December 31, 2015 of these charterers was $456.

2. Significant Accounting policies:

a) ***Principles of consolidation:*** The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), which include the accounts of Star Bulk and its wholly owned subsidiaries referred to in Note 1 above. All intercompany balances and transactions have been eliminated in the consolidation.

Star Bulk as the holding company determines whether it has controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity. Under ASC 810 "Consolidation", a voting interest entity is an entity in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and make financial and operating decisions. Star Bulk consolidates voting interest entities in which it owns all, or at least a majority (generally, greater than 50%), of the voting interest.

A variable interest entity ("VIE") is an entity as defined under ASC 810-10, which in general either does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. A controlling financial interest in a VIE is present when a company absorbs a majority of an entity's expected losses, receives a majority of an entity's expected residual returns, or both. The company with a controlling financial interest, known as the primary beneficiary, is required to consolidate the VIE. The Company evaluates all arrangements that may include a variable interest in an entity to determine if it may be the primary beneficiary, and would be required to include assets, liabilities and operations of a VIE in its consolidated financial statements. As of December 31, 2013, 2014 and 2015, no such interest existed.

b) ***Equity method investments:*** Investments in the equity of entities over which the Company exercises significant influence, but does not exercise control are accounted for by the equity method of accounting. Under this method, the Company records such an investment at cost and adjusts the carrying amount for its share of the earnings or losses of the entity subsequent to the date of investment and reports the recognized earnings or losses in income. The Company also evaluates whether a loss in value of an investment that is other than a temporary decline should be recognized. Evidence of a loss in value might include absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. Dividends received reduce the carrying amount of the investment. When the Company's share of losses in an entity accounted for by the equity method equals or exceeds its interest in the entity, the Company does not recognize further losses, unless the Company has made advances, incurred obligations and made payments on behalf of the entity.

2. Significant Accounting policies – (continued):

c) ***Use of estimates:*** The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the accompanying consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions.

d) ***Comprehensive income/(loss):*** The statement of comprehensive income/(loss) presents the change in equity (net assets) during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by shareholders and distributions to shareholders. Reclassification adjustments are presented out of accumulated other comprehensive income/(loss) on the face of the statement in which the components of other comprehensive income/(loss) are presented or in the notes to the financial statements. The Company follows the provisions of ASC 220 "Comprehensive Income", and presents items of net income/(loss), items of other comprehensive income/(loss) ("OCI") and total comprehensive income/(loss) in two separate and consecutive statements.

e) ***Concentration of credit risk:*** Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents and restricted cash, trade accounts receivable and derivative contracts (including freight derivatives, bunker derivatives and interest rate swaps). The Company's policy is to place cash and cash equivalents, and restricted cash with financial institutions evaluated as being creditworthy and are exposed to minimal interest rate and credit risk. The Company may be exposed to credit risk in the event of non-performance by counter parties to derivative instruments. To decrease this risk, the Company limits its exposure in over-the-counter transactions by diversifying among counter parties with high credit ratings, and selects freight derivatives, if any, that clear through the London Clearing House. The Company performs periodic evaluations of the relative credit standing of those financial institutions. In addition the Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition.

f) ***Foreign currency transactions:*** The functional currency of the Company is the U.S. Dollar since its vessels operate in the international shipping markets, and therefore primarily transact business in U.S. Dollars. The Company's books of accounts are maintained in U.S. Dollars. Transactions involving other currencies during the period are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the consolidated balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are converted into U.S. Dollars at the period-end exchange rates. Resulting gains or losses are included in "Interest and other income" in the accompanying consolidated statements of operations.

g) ***Cash and cash equivalents:*** The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

h) ***Restricted cash*****:** Restricted cash represents minimum cash deposits or cash collateral deposits required to be maintained with certain banks under the Company's borrowing arrangements, which are legally restricted as to withdrawal or use. In the event that the obligation to maintain such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets. Otherwise, they are classified as non-current assets.

i) ***Trade accounts receivable, net:*** The amount shown as Trade accounts receivable, net, at each balance sheet date, includes estimated amounts recovered from each voyage or time charter net of any provision for doubtful debts. At each balance sheet date, the Company provides for doubtful accounts on the basis of specific identified doubtful receivables. As of December 31, 2014 and 2015, provision for doubtful receivables was nil.

2. Significant Accounting policies – (continued):

j) ***Inventories:*** Inventories consist of consumable lubricants and bunkers, which are stated at the lower of cost or market value. Cost is determined by the first in, first out method.

k) ***Vessels, net:*** Vessels are stated at cost, which consists of the purchase price and any material expenses incurred upon acquisition, such as initial repairs, improvements, delivery expenses and other expenditures to prepare the vessel for its initial voyage. Any subsequent expenditure, when it does not extend the useful life of the vessel, increase the earning capacity or improve the efficiency or safety of the vessel, is expensed as incurred.

The cost of each of the Company's vessels is depreciated beginning when the vessel is ready for its intended use, on a straight-line basis over the vessel's remaining economic useful life, after considering the estimated residual value (vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate per ton). Management estimates the useful life of the Company's vessels to be 25 years from the date of initial delivery from the shipyard. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations are adopted.

Effective as of January 1, 2015, following management's reassessment of the residual value of the Company's vessels, the Company increased the estimated scrap rate per light weight tonnage from $0.2 to $0.3. The current value of $0.3 was based on the historical average demolition prices prevailing in the market. The change in this accounting estimate, which pursuant to ASC 250 "Accounting Changes and Error Corrections" was applied prospectively and did not require retrospective application, decreased the depreciation expense and the net loss for the year ended December 31, 2015 by $6,337 or $0.03 loss per basic and diluted share.

l) ***Advances for vessels under construction:*** Advances made to shipyards during construction periods are classified as "Advances for vessels under construction and acquisition of vessels" until the date of delivery and acceptance of the vessel, at which date they are reclassified to "Vessels and other fixed assets, net". Advances for vessels under construction also include supervision costs, amounts paid under engineering contracts, capitalized interest and other expenses directly related to the construction of the vessel or the preparation of the vessel for its initial voyage. Financing costs incurred during the construction period of the vessels are also capitalized and included in the vessels' cost.

m) ***Fair value of above/below market acquired time charter:*** The Company values any asset or liability arising from the market value of the time charters assumed when a vessel is acquired. The value of above or below market acquired time charters is determined by comparing the existing charter rates in the acquired time charter agreements with the market rates for equivalent time charter agreements prevailing at the time the foregoing vessels are delivered. Such intangible asset or liability is recognized ratably as an adjustment to revenues over the remaining term of the assumed time charter.

n) ***Impairment of long-lived assets:*** The Company follows guidance related to the Impairment or Disposal of long-lived assets which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The standard requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use and eventual disposition of the asset is less than its carrying amount, the Company should evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value. The Company determines the fair value of its assets based on management estimates and assumptions and by making use of available market data and taking into consideration agreed sale prices and third party valuations.

2. Significant Accounting policies – (continued):

In this respect, the management regularly reviews the carrying amount of the vessels, including newbuilding contracts, on a vessel-by-vessel basis, when events and circumstances indicate that the carrying amount of the vessels or newbuilding contracts might not be recoverable (such as vessel sales and purchases, business plans, obsolescence or damage to the asset and overall market conditions). When impairment indicators are present, the Company compares undiscounted cash flows to the carrying values of the Company's vessels to determine if the assets are impaired. In developing its estimates of future undiscounted net operating cash flows, the Company makes assumptions and estimates about vessels' future performance, with the significant assumptions being related to charter rates, ship operating expenses, vessels' residual value, fleet utilization and the estimated remaining useful lives of the vessels, assumed to be 25 years from the delivery of the vessel from the shipyard. These assumptions are based on current market conditions, historical industry and Company specific trends, as well as future expectations.

The undiscounted projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed vessel days and an estimated daily time charter equivalent rate for the unfixed days over the estimated remaining economic life of each vessel, net of brokerage and address commissions. Estimates of the daily time charter equivalent for the unfixed days are based on the current Forward Freight Agreement ("FFA") rates, for the first three-year period, and historical average rate levels of similar size vessels for the period thereafter. The expected cash inflows from charter revenues are based on an assumed fleet utilization rate of approximately 98% for the unfixed days, taking into account that assumed charter rates are based on time charter equivalent rates, which include the ballast and laden portion of each relevant voyage. In assessing expected future cash outflows, management forecasts vessel operating expenses, which are based on the Company's internal budget for the first annual period and thereafter assume an annual inflation rate of 3% (escalating during the first three-year period), as well as vessel expected maintenance costs (for dry docking and special surveys). The estimated salvage value of each vessel is $0.3 per light weight ton, in accordance with the Company's vessel depreciation policy. The Company uses a probability weighted approach for developing estimates of future cash flows used to test its vessels for recoverability when alternative courses of action are under consideration (i.e. sale or continuing operation of a vessel). If the Company's estimate of undiscounted future cash flows for any vessel is lower than the vessel's carrying value, the carrying value is written down to the vessel's fair market value with a charge recorded in earnings.

Using the framework for estimating projected undiscounted net operating cash flows described above, the Company completed its impairment analysis for the years ended December 31, 2013, 2014 and 2015, for those operating vessels and newbuildings whose carrying values were above their respective market values. For 2013 and 2014, no asset impairment was necessary. An impairment loss of $321,978 was recognized for the year ended December 31, 2015, which resulted primarily from the Company's actual and intended vessel sales that are further discussed in Notes 5 and 6.

2. Significant Accounting policies – (continued):

o) ***Vessels held for sale:*** It is the Company's policy to dispose of vessels when suitable opportunities occur. The Company classifies a vessel as being held for sale when all of the following criteria, enumerated under ASC 360 "Property, Plant, and Equipment", are met: (i) management has committed to a plan to sell the vessel; (ii) the vessel is available for immediate sale in its present condition; (iii) an active program to locate a buyer and other actions required to complete the plan to sell the vessel have been initiated; (iv) the sale of the vessel is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year; (v) the vessel is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Vessels classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. The resulting difference, if any, is recorded under "Impairment loss" in the accompanying consolidated statement of operations. The vessels are not depreciated once they meet the criteria to be classified as held for sale. At December 31, 2014 and 2015, there were no vessels that met the criteria to be classified as held for sale.

p) ***Financing costs:*** Fees paid to lenders or required to be paid to third parties on the lenders' behalf for obtaining new loans, senior notes or for refinancing or amending existing loans, are recorded as deferred charges. Deferred charges are expensed as interest and finance costs using the effective interest rate method over the duration of the relevant loan facility. Any unamortized balance of costs relating to loans repaid or refinanced is expensed in the period in which the repayment or refinancing is made, subject to the guidance regarding *Debt Extinguishment*. Any unamortized balance of costs related to credit facilities repaid is expensed in the period. Any unamortized balance of costs relating to credit facilities refinanced is deferred and amortized over the term of the relevant credit facility in the period in which the refinancing occurs.

q) ***Pension indemnities:*** Administrative employees are covered by state-sponsored pension funds of Greece. Both employees and the Company are required to contribute a portion of the employees' gross salary to the fund. The related expense is recorded under "General and administrative expenses" in the accompanying consolidated statements of operations and the corresponding liability at each period end is reflected within "Accounts payable" in the accompanying consolidated balance sheets. Upon retirement, the state-sponsored pension funds are responsible for paying the employees retirement benefits without recourse to the Company.

2. Significant Accounting policies – (continued):

r) ***Stock incentive plan awards:*** Stock based compensation represents the cost of vested and non-vested shares and share options granted to employees and to directors, for their services, and is included in "General and administrative expenses" in the consolidated statements of operations. The shares are measured at their fair value equal to the market value of the Company's common stock on the grant date. The shares that do not contain any future service vesting conditions are considered vested shares and the total fair value of such shares is expensed on the grant date. Guidance related to stock compensation describes two generally accepted methods of recognizing expense for non-vested share awards with a graded vesting schedule for financial reporting purposes: 1) the ''accelerated method'', which treats an award with multiple vesting dates as multiple awards and results in a front-loading of the costs of the award and 2) the ''straight-line method'' which treats such awards as a single award and results in recognition of the cost ratably over the entire vesting period. The shares that contain a time-based service vesting condition are considered non-vested shares on the grant date and a total fair value of such shares is recognized using the accelerated method.

The fair value of share options grants is determined with reference to option pricing models, and depends on the terms of the granted options. The fair value is recognized (generally as compensation expense) over the requisite service period for all awards that vest.

s) ***Dry docking and special survey expenses:*** Dry docking and special survey expenses are expensed when incurred.

t) ***Accounting for revenue and related expenses:*** The Company generates its revenues from charterers for the charterhire of its vessels under time charter agreements, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate, or voyage charter agreements, where a contract is made in the spot market for the use of a vessel for a specific voyage at a specified freight rate per ton.

Under time charter agreements, voyage costs, such as fuel and port charges are borne and paid by the charterer. Company's time charter agreements are classified as operating leases. Revenues under operating lease arrangements are recognized when a charter agreement exists, the charter rate is fixed and determinable, the vessel is made available to the lessee and collection of the related revenue is reasonably assured. Revenues are recognized ratably on a straight line basis over the period of the respective charter agreement in accordance with guidance related to leases.

Revenue from voyage charter agreements is recognized on a pro-rata basis over the duration of the voyage. Under voyage charter agreements, all voyage costs are borne and paid by the Company. Demurrage income, which is included in voyage revenues, represents payments by the charterer to the vessel owner when loading or discharging time exceeds the stipulated time in the voyage charter agreements and is recognized when an arrangement exists, services have been performed, the amount is fixed or determinable and collection is reasonably assured. Deferred revenue includes cash received prior to the balance sheet date and is related to revenue to be earned after such date. The portion of the deferred revenue that will be earned within the next twelve months is classified as current liability and the remaining (if any) as long term liability.

Vessel operating expenses include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes, regulatory fees, technical management fees and other miscellaneous expenses. Payments in advance for services are recorded as prepaid expenses.

2. Significant Accounting policies – (continued):

Voyage expenses consist of bunker consumption, port expenses and agency fees related to the voyage.

Brokerage commissions are paid by the Company. Brokerage commissions are recognized over the related charter period and included in voyage expenses. Voyage expenses and vessel operating expenses are recognized as incurred.

Expenses related to the chartering-in of vessels owned by third parties are recognized on a pro-rata basis over the duration of the voyage, except for the hire expense for chartering-in the respective vessels, which is included within “Charter in hire expense” in the consolidated statement of operations.

u) ***Fair value measurements:*** The Company follows the provisions of ASC 820, “Fair Value Measurements and Disclosures” that defines and provides guidance as to the measurement of fair value. ASC 820 creates a hierarchy of measurement and indicates that, when possible, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets and the lowest priority (Level 3) to unobservable data, for example, the reporting entity’s own data. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy (Note 19).

v) ***Earnings/ (loss) per share:*** Earnings or loss per share are computed in accordance with guidance related to Earnings per Share. Basic earnings or loss per share are calculated by dividing net income or loss available to common shareholders by the basic weighted average number of common shares outstanding and vested during the period. Diluted earnings per share reflect the potential dilution assuming that common shares were issued for the exercise of outstanding in-the-money warrants and non-vested shares and the hypothetical proceeds, including proceeds from warrant exercise and average unrecognized stock-based compensation cost thereof, were used to purchase common shares at the average market price during the period such warrants and non-vested shares were outstanding (Note 14).

w) ***Segment reporting:*** The Company reports financial information and evaluates its operations and operating results by total charter revenues and not by the type of vessel, length of vessel employment, customer or type of charter. As a result, management, including the Chief Operating Officer, who is the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet, and thus, the Company has determined that it operates under one reportable segment, that of operating dry bulk vessels. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide, subject to restrictions as per the charter agreement, and, as a result, the disclosure of geographic information is impracticable.

x) ***Accounting for leases:*** Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line method over the lease term. As of December 31, 2015, the Company held no operating lease arrangements acting as lessee other than its office leases and an operating lease arrangement for one Supramax vessel (Note 5).

Leases of vessels are classified as capital leases when they satisfy the criteria for capital lease classification under ASC 840, “Leases”. As of December 31, 2015 the Company was the lessee under certain capital lease arrangements as further discussed in Notes 5 and 6. Capital leases are capitalized at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between liability and finance charges to achieve a constant rate on the capital balance outstanding. The interest incurred under a capital lease is included within “Interest and finance costs” in the consolidated statement of operations. The depreciation of vessels under capital lease is included within “Depreciation” in the consolidated statement of operations.

When the ownership of a vessel is transferred at the end of the lease, or there is a bargain purchase option, the vessel is depreciated on a straight-line basis over its useful life as if the vessel was owned. Otherwise, vessels under capital lease are depreciated on a straight-line basis over the term of the lease.

2. Significant Accounting policies – (continued):

y) ***Derivatives:*** The Company enters into derivative financial instruments to manage risk related to fluctuations of interest rates. In case the instruments are eligible for hedge accounting, at the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy undertaken for the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting exposure to changes in the hedged item's cash flows attributable to the hedged risk. A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction that could affect profit or loss. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed at each reporting date to determine whether they actually have been highly effective throughout the financial reporting periods for which they were designated. All derivatives are recorded on the balance sheet as assets or liabilities and are measured at fair value. For derivatives designated as cash flow hedges, the effective portion of the changes in their fair value is recorded in Accumulated other comprehensive income / (loss) and is subsequently recognized in earnings, under "Interest and finance costs" when the hedged items impact earnings, while the ineffective portion, if any, is recognized immediately in current period earnings under "Gain / (Loss) on derivative financial instruments, net".

The changes in the fair value of derivatives not qualifying for hedge accounting are recognized in earnings. The Company discontinues cash flow hedge accounting if the hedging instrument expires or is sold, terminated or exercised and it no longer meets all the criteria for hedge accounting or if the Company de-designates the instrument as a cash flow hedge. At that time, any cumulative gain or loss on the hedging instrument recognized in equity remains in equity until the forecasted transaction occurs or until it becomes probable of not occurring. When the forecasted transaction occurs, any cumulative gain or loss on the hedging instrument is recognized in earnings. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is reclassified to earnings for the year. Following the hedging designations made during the third quarter of 2014 (Note 19), all of the Company's interest rates swaps effective as of December 31, 2014 were designated as accounting hedges. Only four out of the nine of the Company's interest rate swaps effective as of December 31, 2015 remained designated as accounting hedges as of that date. No hedge accounting was applied in prior periods.

z) ***Recent accounting pronouncements – not yet adopted:***

Revenue from Contracts with Customers (Topic 606): On May 28, 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09 "*Revenue from contracts with customers*" with an effective date for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. On August 12, 2015, the FASB issued ASU No. 2015-14 "*Revenue from contracts with customers (Topic 606)*", which defers the effective date of ASU 2014-09 for public business entities to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted. Presently, the Company is assessing what effect the adoption of these ASUs will have on its financial statements and accompanying notes.

Presentation of Financial Statements - Going Concern: In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements - Going Concern*. ASU 2014-15 provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 requires an entity's management to evaluate at each reporting period based on the relevant conditions and events that are known at the date when financial statements are issued, whether there are conditions or events, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued and to disclose the necessary information. The guidance is effective for annual periods ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements and accompanying notes.

2. Significant Accounting policies – (continued):

Simplifying the Presentation of Debt Issuance Costs: In April 2015, the FASB issued ASU No. 2015-03, *Interest—Imputation of Interest (Subtopic 835-30) - Simplifying the Presentation of Debt Issuance Costs.* ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The existing recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. ASU 2015-03 is effective, for public business entities, for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early application is permitted. While the Company has not yet adopted this ASU, its adoption is not expected to have a material effect on the Company's financial statements and accompanying notes.

Consolidation (Topic 810) - Amendments to the Consolidation Analysis: In February 2015, the FASB issued ASU 2015-02, "Consolidation (Topic 810) - Amendments to the Consolidation Analysis", which provides guidance for reporting entities that are required to evaluate whether they should consolidate certain legal entities. In accordance with ASU 2015-02, all legal entities are subject to reevaluation under the revised consolidation model. ASU 2015-02 is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. The Company is currently in the process of evaluating the impact of the adoption of ASU 2015-02 on the consolidated financial statements.

Technical Corrections and Improvements: In June 2015, FASB issued ASU No. 2015-10, *Technical Corrections and Improvements.* The amendments in ASU 2015-10 cover a wide range of Topics in the ASC. The amendments in this update make minor corrections or minor improvements to the ASC that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. Among others, according to the requirements of ASU 2015-10, for nonrecurring measurements estimated at a date during the reporting period other than the end of the reporting period, a reporting entity shall clearly indicate that the fair value information presented is not as of the period's end as well as the date or period that the measurement was taken. Transition guidance varies based on the amendments in ASU 2015-10. The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015, and early adoption of those amendments is permitted, including adoption in an interim period. While the Company has not yet adopted the amendments of ASU 2015-10 that require transition guidance, their adoption is not expected to have a material effect on the Company's financial statements and accompanying notes. All other amendments were effective upon the issuance of ASU 2015-10. The adoption of those amendments has not had a material effect on the Company's financial statements and accompanying notes.

Simplifying the Measurement of Inventory: In July 2015, the FASB issued ASU No. 2015-11, "*Simplifying the measurement of inventory*". ASC 330, "Inventory", currently requires an entity to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. The amendments in ASU 2015-11 require an entity to measure inventory within the scope of ASU 2015-11 at the lower of cost and net realizable value. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The amendments in ASU 2015-11 are to be applied prospectively, with earlier application permitted as of the beginning of an interim or annual reporting period. While the Company has not yet adopted ASU 2015-11, its adoption is not expected to have a material effect on the Company's financial statements and accompanying notes.

Leases: In February 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases (Topic 842)". ASU 2016-02 will apply to both types of leases – capital (or finance) leases and operating leases. According to the new Accounting Standard, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with term of more than 12 months. ASU 2016 – 02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

3. Transactions with Related Parties:

Transactions and balances with related parties are analyzed as follows:

Balance Sheet

	2014	2015
Assets		
Oceanbulk Maritime S.A. and its affiliates (d)	$ 241	$ 1,209
Product Shipping & Trading S.A (f)	4	—
Total Assets	**$ 245**	**$ 1,209**
Liabilities		
Interchart Shipping Inc. (a)	$ 6	$ 8
Combine Marine Ltd (c)	—	9
Oceanbulk Maritime S.A. and its affiliates (d)	—	33
Management and Directors Fees (b)	462	315
Managed Vessels of Oceanbulk Shipping LLC (e)	9	7
Oceanbulk Sellers (Note 17.2)	1,689	50
Total Liabilities	**$ 2,166**	**$ 422**

	2014	2015
Excel Vessel Bridge Facility – current portion (h)	$ 8,168	$ —
Excel Vessel Bridge Facility – non current portion (h)	47,993	—
Total Excel Vessel Bridge Facility	**$ 56,161**	**$ —**

Capitalized Expenses

	2014	2015
Advances for vessels under construction and acquisition of vessels		
Oceanbulk Maritime S.A.- commision fee for newbuilding vessels (d)	$ 1,038	$ 1,318

Statements of Operations

	2013	2014	2015
Commission on sale of vessel-Oceanbulk (d)	$ (90)	$ —	$ —
Executive directors consultancy fees (b)	(528)	(1,516)	(633)
Non-executive directors compensation (b)	(114)	(191)	(160)
Office rent - Combine Marine Ltd. (c)	(41)	(42)	(35)
Voyage expenses-Interchart (a)	(773)	(1,997)	(3,350)
Management fee expense - Oceanbulk Maritime S.A. (d)	—	(158)	—
Management fee expense - Maryville Maritime Inc. (j)	—	(35)	(451)
Interest on Excel Vessel Bridge Facility (h)	—	(1,659)	(220)
Management fee income - Oceanbulk Maritime S.A. (d)	—	188	—
Management fee income - Managed Vessels of Oceanbulk Shipping LLC (e)	823	1,390	—
Management fee income Product Shipping & Trading S.A. (f)	242	62	—

3. Transactions with Related Parties – (continued):

(a) Interchart Shipping Inc. or Interchart: On February 25, 2014, the Company acquired 33% of the total outstanding common stock of Interchart for total consideration of $200 in cash and 22,598 of the Company's common shares. The common shares were issued on April 1, 2014, and the fair value per share of $14.51 was determined by reference to the per share closing price of the Company's common shares on the issuance date. The ownership interest was purchased from an entity affiliated with family members of Company's Chief Executive Officer, including the Company's former director Mrs. Milena-Maria Pappas. This transaction is accounted for as an equity method investment.

On February 25, 2014, the Company also entered into a services agreement (the "Services Agreement") with Interchart, for chartering, brokering and commercial services for all the Company's vessels for an annual fee of €500,000 ($545, using the exchange rate as of December 31, 2015, which was $1.09 per euro). This fee is adjustable for changes in the Company's fleet pursuant to the terms of the Services Agreement. Before the Services Agreement, Interchart acted as chartering broker of all the Company's vessels on an agreed upon basis. Under the Services Agreement, all previously agreed upon brokerage commissions due to Interchart were cancelled retroactively from January 1, 2014.

In November 2014, the Company entered into a new services agreement with Interchart for chartering, brokering and commercial services for all of the Company's vessels for a monthly fee of $275, with a term until March 31, 2015, which upon expiry was immediately renewed until December 31, 2016. The agreement is effective from October 1, 2014, and on the same date the previous agreement dated February 25, 2014, was terminated.

During the years ended December 31, 2013, 2014 and 2015 the brokerage commissions charged by Interchart were $773, $1,997 and $3,350, respectively, and are included in "Voyage expenses" in the accompanying consolidated statements of operations. As of December 31, 2014 and 2015, the Company had outstanding payables of $6 and $8, respectively, to Interchart.

(b) Management and Directors Fees: During 2011 the Company entered into consulting agreements with companies owned and controlled by each of the then Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. These agreements had a term of three years unless terminated earlier in accordance with their terms, except for the consultancy agreement with the entity controlled by the Company's then Chief Operating Officer which provided for an indefinite term (terminable by either party with one month's notice). In addition, on May 3, 2013, the Company entered into separate renewal consulting agreements with the companies controlled by the Company's then Chief Executive Officer and Chief Financial Officer. Additionally, pursuant to the aforementioned agreements, the entities controlled by the Company's then Chief Executive Officer and Chief Financial Officer were entitled to receive an annual discretionary bonus, as determined by the Company's Board of Directors in its sole discretion. Finally, the entity controlled by the then Chief Executive Officer was entitled to receive a minimum guaranteed incentive award of 28,000 shares of common stock. These shares vested in three equal annual installments, the first installment of 9,333 shares vested on February 7, 2012, the second installment of 9,333 shares vested on February 7, 2013 and the last installment of 9,334 shares vested on February 7, 2014. The minimum guaranteed incentive award of 28,000 shares of the Company's stock was also renewed as part of the renewal of the consultancy agreement incurred between the Company and the company controlled by the former Chief Executive Officer with the new shares vesting in three equal annual installments, the first installment of 9,333 shares would vest on May 3, 2014, the second installment of 9,333 shares vested on May 3, 2015 and the last installment of 9,334 shares would vest on May 3, 2016.

3. Transactions with Related Parties – (continued):

In connection with the July 2014 Transactions, the Company's former Chief Executive Officer resigned as Chief Executive Officer and remains with the Company as Non-Executive Chairman. On July 31, 2014, the Company entered into an agreement to terminate the consultancy agreement with the company owned by the former Chief Executive Officer and made a severance payment of €664,000 (approximately $891, using the exchange rate as of July 31, 2015, which was $1.34 per euro) of cash and 168,842 common shares, which were issued on the same date. As a result of the termination agreement, the second and the third installments of the former Chief Executive Officer's minimum guaranteed incentive award, under his renewed consultancy agreement, of 9,333 and 9,334, which would have been vested on May 3, 2015 and 2016, respectively, were cancelled. In addition, in connection with the July 2014 Transactions, the then Chief Operating Officer of the Company was appointed as Company's Executive Vice President-Technical.

Following the completion of the Merger, on December 17, 2014, the Company entered into consulting agreements with companies owned and controlled by each one of the new Chief Operating Officer and the new co-Chief Financial Officer. These agreements have a term of three years unless terminated earlier in accordance with their terms. Pursuant to the corresponding agreements, the entities controlled by the new Chief Operating Officer and the new co-Chief Financial Officer are entitled to receive an annual discretionary bonus, as determined by the Company's Board of Directors in its sole discretion. On May 19, 2015, the Company entered into an addendum to the consultancy agreements with the companies owned and controlled by each one of the new Chief Operating Officer and the co-Chief Financial Officers, amending the consultancy fee payable by the Company, effective as of January 1, 2015.

Pursuant to all aforementioned agreements, effective as of December 31, 2015, the Company is required to pay an aggregate base fee at an annual rate of not less than $629 (this amount is the sum of all consulting fees in USD and Euro, using the exchange rate as of December 31, 2015, which was $1.09 per euro), under the relevant consultancy agreements.

The expenses related to the Company's executive officers for the years ended December 31, 2013, 2014 and 2015, including the severance cash payment in 2014 to the Company's former Chief Executive Officer were $528, $1,516 and $633, respectively, and are included under "General and administrative expenses" in the accompanying consolidated statements of operations. The related expenses of non-executive directors for the years ended December 31, 2013, 2014 and 2015 were $114, $191 and $160, respectively, and are included under "General and administrative expenses" in the accompanying consolidated statements of operations. As of December 31, 2014 and 2015, the Company had outstanding payables of $462 and $315, respectively, to its executive officers and directors and non-executive directors, representing unpaid consulting fees and unpaid fees for their participation in the Company's Board of Directors and other special committees.

3. Transactions with Related Parties – (continued):

(c) **Combine Marine Ltd.:** On January 1, 2012, Starbulk S.A., entered into a one year lease agreement for office space with Combine Marine Ltd., a company controlled by one of the then Company's directors, Mrs. Milena - Maria Pappas and by Mr. Alexandros Pappas, both of whom are children of Mr. Petros Pappas, the Company's current Chief Executive Officer and then Company's Chairman. The lease agreement provides for a monthly rental of €2,500 (approximately $3, using the exchange rate as of December 31, 2015, which was $1.09 per euro). On January 1, 2013, the agreement was renewed, and, unless terminated by either party, it will expire in January 2024. The related rent expense for the years ended December 31, 2013, 2014 and 2015 was $41, $42 and $35, respectively, and is included under "General and administrative expenses" in the accompanying consolidated statements of operations. As of December 31, 2014 and 2015, the Company had outstanding receivables of $0 and $9, respectively, from Combine Marine Ltd.

(d) **Oceanbulk Maritime S.A.:** Oceanbulk Maritime S.A. ("Oceanbulk Maritime") is a ship management company controlled by the Company's former director Mrs. Milena-Maria Pappas. During the years ended December 31, 2013, 2014 and 2015, the Company paid to Oceanbulk Maritime a brokerage commission of $90, $0 and $0 relating to the sale of certain of its vessels.

On November 25, 2013, the Company's Board of Directors approved a commission payable to Oceanbulk Maritime with respect to its involvement in the negotiations with the shipyards for nine of the Company's contracted newbuilding vessels (Note 6). The agreement provides for a commission of 0.5% of the shipbuilding contract price for two newbuilding Capesize vessels (HN 1338 (tbn *Star Aries*) and HN 1339 (*Star Taurus*)) and three newbuilding Newcastlemax vessels (HN 1342 (tbn *Star Gemini*), HN 1343 (tbn *Star Leo*) and HN NE 198 (tbn *Star Poseidon*)) and a flat fee of $200 per vessel for four newbuilding Ultramax vessels *Star Aquarius* (ex-HN 5040), *Star Pisces* (ex-HN 5043), *Star Antares* (ex-HN NE 196) and HN NE 197 (tbn *Star Lutas*)), for a total commission of $2,077. The Company agreed to pay the commission in four equal installments. The first two installments were paid in cash, while the remaining two installments will be paid in the form of common shares, the number of which will depend on the price of the Company's common shares on the date of the two remaining installments. The first and the second installments of $519, each, were paid in cash in December 2013 and in April 2014, respectively. On October 28, 2015, the Company issued 171,171 shares representing the third installment, the fair value per share was determined by reference to the per share closing price of the Company's common shares on the issuance date. An amount of $1,038 and $280 was capitalized to "Advances for vessel under construction and acquisition of vessels" during the years ended December 31, 2014 and 2015, respectively. The last installment is due in April 2016.

On March 22, 2014, Starbulk S.A. entered into an agreement with Oceanbulk Maritime, under which certain management services, including crewing, purchasing, arranging insurance, vessel telecommunications and master general accounts supervision, were provided to certain dry bulk vessels under the management of Oceanbulk Maritime up to December 31, 2014. Pursuant to the terms of this agreement, Starbulk S.A. received a fixed management fee of $0.17 per day, per vessel, which as of June 1, 2014, was changed to $0.11 per day, per vessel, based on an addendum signed on May 22, 2014. The related income for the year ended December 31, 2014, was $188 and was included under "Management fee income" in the accompanying consolidated statement of operations.

3. Transactions with Related Parties – (continued):

(d) Oceanbulk Maritime S.A. – (continued):

In addition, prior to the Merger, Oceanbulk and the Pappas Companies had entered into a management agreement with Oceanbulk Maritime and its affiliates pursuant to which Oceanbulk Maritime provided commercial and administrative services to Oceanbulk and the Pappas Companies. Following the completion of the Merger on July 11, 2014, this management agreement with Oceanbulk Maritime was terminated.

Further, following the completion of the Merger and the Pappas Transaction, the Company owns the vessels *Magnum Opus* and *Tsu Ebisu*, which were managed by Oceanbulk Maritime prior to the Merger and continued to be managed by Oceanbulk Maritime after the Merger, until September and August 2014, respectively. The related expense for the year ended December 31, 2014, was $158 and is included under "Management fee expense" in the accompanying consolidated statement of operations.

Oceanbulk Maritime provided performance guarantees under the bareboat charter agreements relating to the shipbuilding contracts for the vessels *Roberta* (ex-HN 1061), *Laura* (ex-HN 1062), *Idee Fixe* (ex-HN 1063) and *Kaley (*ex-HN 1064). Such performance guarantees had been counter-guaranteed by Oceanbulk Carriers. Following the completion of the Merger, in September, 2014, Star Bulk provided counter-guarantees to Oceanbulk Maritime S.A. in exchange for the counter-guarantees provided by Oceanbulk Carriers. The vessels were delivered to the Company in 2015.

In addition, Oceanbulk Maritime also provided performance guarantees under the shipbuilding contracts for the vessels *Deep Blue* (ex-HN 5017), HN 5055-JMU (tbn *Behemoth*), HN 5056-JMU (tbn *Megalodon*), *Honey Badger* (ex-HN NE 164), *Wolverine* (ex-HN NE 165), *Gargantua* (ex-HN NE 166), *Goliath* (ex-HN NE 167) and *Maharaj* (ex-HN NE 184). Prior to the Merger, all of the performance guarantees were counter-guaranteed by Oceanbulk Shipping. Following the completion of the Merger, on September 20, 2014 Star Bulk provided counter-guarantees to Oceanbulk Maritime in exchange for the counter-guarantees provided by Oceanbulk Shipping. These vessels were delivered to the Company in early 2016 at which time the aforementioned guarantees terminated.

As of December 31, 2014 and 2015, the Company had outstanding receivables of $241 and $1,209 from Oceanbulk Maritime and its affiliates, respectively. The outstanding balance as of December 31, 2015 includes an amount of $850, which represents supervision cost for certain newbuilding vessels managed by Oceanbulk Maritime and paid by the Company. In addition, as of December 31, 2015 the Company had an outstanding payable of $33 to Oceanbulk Maritime and its affiliates.

(e) Managed vessels of Oceanbulk Shipping: Prior to the Merger, Starbulk S.A. had entered into vessel management agreements with certain ship-owning companies owned and controlled by Oceanbulk Shipping (Note 1). Pursuant to the terms of these agreements, Starbulk S.A. received a fixed management fee of $0.75 per day, per vessel. These management agreements were terminated on July 11, 2014, the date the Merger closed. The related income for the years ended December 31, 2013 and 2014, was $823 and $1,390, respectively, and is included under "Management fee income" in the accompanying consolidated statements of operations. As of December 31, 2014 and 2015, the Company had an outstanding payable of $9 and $7, respectively, to Maiden Voyage LLC, previous owner of the vessel *Maiden Voyage,* one of the vessels of Oceanbulk Shipping**.**

3. Transactions with Related Parties – (continued):

(f) **Product Shipping & Trading S.A.:** Product Shipping & Trading S.A. is an entity controlled by family members of the Company's ex-Chairman and current Chief Executive Officer, Mr. Petros Pappas. On June 7, 2013, Starbulk S.A. entered into an agreement with Product Shipping & Trading S.A., under which the Company provided certain management services including crewing, purchasing and arranging insurance to the vessels under the management of Product Shipping & Trading S.A. Pursuant to the terms of this agreement, Starbulk S.A. received a fixed management fee of $0.13 per day, per vessel. In October, 2013 the Company decided to gradually cease providing the above mentioned services to the vessels managed by Product Shipping & Trading S.A., except for arranging insurance services, and as a result, the management fee decreased to $0.02 per day, per vessel, and effective July 1, 2014, the agreement was terminated. The related income for the years ended December 31, 2013 and 2014 was $242 and $62, respectively, and is included under "Management fee income" in the accompanying consolidated statement of operations. As of December 31, 2014 and 2015, the Company had outstanding receivables of $4 and $0, respectively, from Product Shipping & Trading S.A.

(g) **Oaktree Shareholder Agreement:** As a result of the Merger, on July 11, 2014, Oaktree became the beneficial owner of approximately 61.3% of the Company's then outstanding common shares. At the closing of the July 2014 Transactions, the Company and Oaktree entered into a shareholders agreement (the "Oaktree Shareholders Agreement"). Under the Oaktree Shareholders Agreement, Oaktree has the right to nominate four of the Company's nine directors so long as it beneficially owns 40% or more of the Company's outstanding voting securities. The number of directors able to be designated by Oaktree is reduced to three directors if Oaktree beneficially owns 25% or more but less than 40% of the Company's outstanding voting securities, to two directors if Oaktree beneficially owns 15% or more but less than 25%, and to one director if Oaktree beneficially owns 5% or more but less than 15%. Oaktree's designation rights terminate if it beneficially owns less than 5% of the Company's outstanding voting securities. Therefore, in July 2014 and in connection with the July 2014 Transactions, the Company's Board of Directors, increased the number of directors constituting the Board of Directors to nine and, following the resignation of Mrs. Milena - Maria Pappas, appointed Mr. Rajath Shourie, Ms. Emily Stephens, Ms. Renée Kemp and Mr. Stelios Zavvos as directors. Following these changes in the composition of the Board of Directors, the four individuals designated by Oaktree to be Company's directors were Messrs. Pappas and Shourie and Mses. Stephens and Kemp in accordance with the provisions of the Oaktree Shareholders Agreement. On February 17, 2015, Mr. Shourie and Ms. Stephens were replaced by Mr. Mahesh Balakrishnan and Ms. Jennifer Box, respectively. As further disclosed in Note 20, on March 14, 2016, Ms. Renée Kemp stepped down from the Company's Board of Directors. The three directors currently designated by Oaktree are Messrs. Pappas and Balakrishnan and Ms. Box, while Oaktree retains the right to name an additional director under the Oaktree Shareholders Agreement. Under the Oaktree Shareholders Agreement, with certain limited exceptions, Oaktree effectively cannot vote more than 33% of the Company's outstanding common shares (subject to adjustment under certain circumstances).

(h) **Excel Transactions:** As discussed in detail in Note 1, on August 19, 2014, the Company entered into the Excel Transactions. The principal shareholders of Excel are Oaktree and Angelo Gordon, none of which though, on its own, is deemed to have control on Excel's strategy and operations either by means of holding equity interests, control of Excel's board of directors or other type of arrangement indicating a parent-subsidiary relationship. Therefore the Company concluded that the Excel Transactions were not transactions under common control. Nevertheless, due to Oaktree's relationship with the Company and the relationship of Oaktree to Excel, the Company concluded that the Excel Transactions, including the acquisition of the Excel Vessels and the conclusion of the Excel Vessel Bridge Facility (Note 8), should be treated as related party transactions for purposes of its financial statements presentation and disclosure. The Excel Vessel Bridge Facility was fully repaid in January 2015. Interest expense incurred for the years ended December 31, 2014 and 2015, amounted to $1,659 and $220, respectively.

3. Transactions with Related Parties – (continued):

(i) Acquisition of Heron Vessels: Following the completion of the Merger, pursuant to the provisions of the Merger Agreement relating to the Heron Vessels, and in accordance with the agreement among Oceanbulk Shipping, ABY Group and Heron, dated September 5, 2014, with respect to the conversion of the Heron Convertible Loan, the governance of Heron and the distribution of some of its vessels to its investors, as further discussed in Note 1, on November 11, 2014, the Company entered into two separate agreements to acquire from Heron the vessels *Star Gwyneth (ex-ABYO Gwyneth*) and *Star Angelina (ex-ABYO Angelina)*, which were delivered to the Company on December 5, 2014 (Note 5).

(j) Management agreement with Maryville Maritime Inc.: Three of the Excel Vessels (*Star Martha (ex Christine)*, *Star Pauline (ex Sandra)* and *Star Despoina (ex Lowlands Beilun)*, which were acquired with attached time charters, were managed by Maryville Maritime Inc. ("Maryville"), a subsidiary of Excel. As described in Note 3.h above, due to Oaktree's relationship with Excel, the Company concluded that the management agreement with Maryville should be treated as a related party transaction for purposes of its financial statements presentation and disclosure. Maryville managed two of the vessels until August 2015 and one until November 2015, when each of their existing time charters expired. The Company paid Maryville a monthly fee of $17.5 per vessel. Total management fee expense to Maryville for the years ended December 31, 2014 and 2015 was $35 and $451, respectively and is included in "Management fees" in the accompanying consolidated statements of operations.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

4. Inventories:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	2014	2015
Lubricants	$ 6,853	$ 7,438
Bunkers	7,515	6,809
Total	**$ 14,368**	**$ 14,247**

5. Vessels and other fixed assets, net:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	2014	2015
Cost		
Vessels	$ 1,641,603	$ 2,025,688
Other fixed assets	1,683	1,810
Total cost	1,643,286	2,027,498
Accumulated depreciation	(201,435)	(269,946)
Vessels and other fixed assets, net	**$ 1,441,851**	**$ 1,757,552**

Vessels acquired / disposed during the year ended December 31, 2013

On March 14, 2013, the Company entered into an agreement with a third party to sell the vessel *Star Sigma*. The vessel was delivered to its buyers on April 10, 2013. The resulted loss from this sale of $87 is included under "Loss on sale of vessel" in the accompanying consolidated statements of operations.

On November 5, 2013, the Company entered into two agreements to acquire from two unaffiliated third parties, one 61,462 dwt Ultramax vessel, *Star Challenger*, built 2012 and one 61,455 dwt Ultramax vessel, *Star Fighter*, built 2013. The vessels were delivered to the Company on December 12, 2013 and December 30, 2013, respectively.

Vessels acquired / disposed during the year ended December 31, 2014

On January 24, 2014, the Company entered into two agreements to acquire from Glocal Maritime Ltd, or "Glocal", an unaffiliated third party, two 98,000 dwt Post-Panamax vessels, *Star Vega* and *Star Sirius*, built 2011. The vessels *Star Vega* and *Star Sirius*, were delivered to the Company on February 13, 2014 and March 7, 2014, respectively. The vessels, upon their delivery, were chartered back to Glocal for a daily rate of $15, at least until June 2016.

5. Vessels and other fixed assets, net – (continued):

Following the completion of the Merger and the Pappas Transaction discussed in Note 1, the Company became the owner of 13 operating vessels (refer to relevant table in Note 1), the fair value of which following the purchase price allocation was estimated at $426,000 (based on Level 2 inputs of the fair value hierarchy). In addition, on July 22, 2014 and on September 19, 2014, the Company took delivery of the vessels *Peloreus* and *Leviathan*, respectively, two Capesize vessels with a capacity of 182,000 dwt each, built by the Japan Marine United Corporation, or JMU shipyard. The newbuilding contracts for those vessels had been acquired by the Company as part of the Merger. The delivery installment payment of $34,625 for each vessel was partially financed by $32,500 drawn for each vessel under a loan facility with Deutsche Bank AG (Note 8), and the remaining amount of $2,125, for each vessel, was financed by existing cash.

Pursuant to the Excel Transactions discussed in Note 1, as of December 31, 2014, 28 out of the 34 Excel Vessels had been transferred to the Company, for an aggregate consideration of 25,659,425 common shares (based on Level 1 inputs of the fair value hierarchy) and $248,751 in cash, or a total cost of $501,535, including time charters attached (Note 7). The Company used cash on hand, together with borrowings under various credit facilities, to pay the cash consideration for the Excel Vessels, as further discussed in Note 8.

As further discussed in Note 3, on November 11, 2014, the Company entered into two separate agreements with Heron to acquire the vessels *Star Gwyneth* (*ex-ABYO Gwyneth*) and *Star Angelina* (*ex-ABYO Angelina*), which were delivered to the Company on December 5, 2014. The cost for the acquisition of these vessels was determined based on the fair value of the 2,115,706 common shares issued on July 11, 2014, in connection with the Heron Transaction, of $25,080 (Level 1) and the amount of $25,000 financed by the Heron Vessels Facility (Note 8), according to the provisions of the Merger Agreement with respect to these acquisitions, as further discussed in Note 17.2.

On December 17, 2014, the Company entered into an agreement with a third party to sell the vessel *Star Kim*, one of the Excel Vessels, at market terms which also approximated the vessel's net book value. The vessel did not meet the 'held-for-sale' classification criteria as of December 31, 2014, as it was not considered available for immediate sale in its present condition. The sale was completed on January 21, 2015 when the vessel was delivered to its new owner. As of December 31, 2014, the Company had received an advance payment from the buyers amounting to $1,100, which is included under "Advances from sale of vessel" in the accompanying consolidated balance sheet as of December 31, 2014.

Vessels acquired / disposed during the year ended December 31, 2015

Delivery of newbuilding vessels:

(i) On January 8, 2015, the Company took delivery of the vessel *Indomitable* (ex-HN 5016), for which it had previously made a payment of $34,942 in December 2014. To partially finance the delivery installment of the *Indomitable*, the Company drew down $32,480 under the BNP $32,480 Facility (Note 8).

(ii) On February 27, 2015, the Company took delivery of the vessels *Honey Badger* (ex-HN 164) and *Wolverine* (ex-HN 165), for which the Company paid delivery installments of $19,422 each. On March 13, 2015, the Company drew down $38,162 for the financing of both the *Honey Badger* and the *Wolverine* under the Sinosure Facility (Note 8).

5. Vessels and other fixed assets, net – (continued):

(iii) On March 25, March 31, April 7, and June 26, 2015, the Company took delivery of the Ultramax vessels *Idee Fixe* (ex-HN 1063), *Roberta* (ex-HN 1061), *Laura* (ex-HN 1062) and *Kaley* (ex-HN1064), respectively, which are all subject to separate bareboat charter agreements with Jiangsu Yangzijiang Shipbuilding Co. Ltd. ("New Yangzijiang"). As further discussed below, the Company accounts for these bareboat charter agreements as capital leases.

(iv) On April 2, 2015, the Company took delivery of the Newcastlemax vessel *Gargantua* (ex-HN 166). On July 15, 2015, the Company took delivery of the Newcastlemax vessels Goliath (ex-HN 167) and Maharaj (ex-HN 184). The delivery installments of $113,046 were partially financed by $93,000 drawn down under the DNB-SEB-CEXIM $227,500 Facility (Note 8), and the remaining amount was financed by using existing cash.

(v) On May 27, 2015, the Company took delivery of the Capesize vessel *Deep Blue* (ex-HN 5017). The delivery installment of $34,982 was partially financed by $28,680 drawn under the DVB $31,000 Deep Blue Facility (Note 8), and the remaining amount was financed by using existing cash.

(vi) On July 22, 2015 and on August 7, 2015, the Company took delivery of the Ultramax vessels *Star Aquarius* (ex-HN 5040) and *Star Pisces* (ex-HN5043). The delivery installments of $20,359 and $20,351, respectively, were partially financed by $15,237 drawn under the NIBC $32,000 Facility (Note 8) for each vessel, and the remaining amount was financed by using existing cash.

(vii) On October 9, 2015, the Company took delivery of the Ultramax vessel *Star Antares* (ex-HN 196). The delivery installment of $19,770 was partially financed by $16,738 drawn under the Sinosure Facility (Note 8), and the remaining amount was financed by using existing cash.

Acquisition of secondhand vessels:

During the year ended December 31, 2015, the remaining six of the Excel Vessels (*Star Nina* (ex-*Iron Kalypso*), *Star Nicole* (ex-*Elinakos*), *Star Claudia* (ex-*Happyday*), *Star Monisha* (ex-*Iron Beauty*), *Rodon* and *Star Jennifer* (ex-*Ore Hansa*) were delivered to the Company in exchange for 4,257,887 common shares and $39,475 in cash, completing the acquisitions of 34 vessels from Excel as further discussed in Note 1 above.

Sale of vessels:

During 2015 and early 2016, the Company entered into various separate agreements with third parties to sell 16 of the Company's vessels (*Star Big, Star Mega, Maiden Voyage, Star Natalie, Star Tatianna, Star Christianna, Star Monika, Star Julia, Star Nicole, Rodon, Star Claudia, Indomitable, Magnum Opus, Tsu Ebisu, Deep Blue and Obelix)*. Of these vessels, 12 were delivered to their purchasers in 2015, while the remaining four (*Indomitable, Magnum Opus, Tsu Ebisu, and Deep Blue*) were delivered to their purchasers in 2016 (Note 20). None of these four vessels met the 'held-for-sale' classification criteria as of December 31, 2015, as none of them were considered available for immediate sale in their present condition at that date. In addition, as discussed above, in late December 2014 the Company agreed to sell the vessel *Star Kim*, which was delivered to its owner in early 2015. As part of these sales (other than the sale of the vessel *Maiden Voyage* which is separately discussed below), the Company recognized a net loss on sale of $20,585, which is separately reflected in the accompanying statement of operations for the year ended December 31, 2015.

5. Vessels and other fixed assets, net – (continued):

On May 28, 2015, the Company entered into an agreement with a third party to sell the vessel *Maiden Voyage*. As part of this transaction, the vessel (currently named *Astakos*) was leased back to the Company under a time charter for two years. The vessel was delivered to its new owner on September 15, 2015 and the Company became the charterer of the vessel on the same date. The lease back did not meet the lease classification test for a capital lease and is accounted for as operating lease. Pursuant to the applicable accounting guidance for sale and lease back transactions, the net gain from the sale of *Maiden Voyage* of $148 was deferred and is being amortized in straight line over the lease term. The net book value of this deferred gain as of December 31, 2015 is $126 and is reflected within “Other non-current liabilities” in the accompanying consolidated balance sheet, while amortization of this deferred gain as of December 31, 2015 is $22 and is included within “Charter-In Hire expenses” in the accompanying consolidated statement of operations.

Capital leases:

On May 17, 2013, subsidiaries of Oceanbulk entered into separate bareboat charter party contracts with affiliates of New Yangzijiang shipyards for eight-year bareboat charters of four newbuilding 64,000 dwt Ultramax vessels being built at New Yangzijiang. The Company assumed these bareboat charters following the completion of the Merger. The vessels were constructed pursuant to four shipbuilding contracts entered into between four pairings of affiliates of New Yangzijiang. Each pair had one shipyard party (each, a “New YJ Builder”) and one ship-owning entity (each a “New YJ Owner”). Delivery of each vessel to the Company was deemed to occur upon delivery of the vessel to the New YJ Owner from the corresponding New YJ Builder. Pursuant to the terms of the bareboat charter, the Company was required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount of $20,680 for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, is financed by the relevant New YJ Owner, to whom the Company will pay a pre-agreed daily bareboat charter hire rate on a 30-days advance basis. After each vessel’s delivery, the Company has monthly purchase options to acquire the vessel at pre-determined, amortizing-during-the-charter-period prices. On the eighth anniversary of the delivery of each vessel, the Company has the obligation to purchase the vessel at a purchase price of $6,000. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the four vessels. As further discussed above, the Company took delivery of these four vessels during the year ended December 31, 2015.

Based on applicable accounting guidance, the Company determined that the bareboat charters should be classified as capital leases. As a result, in accordance with the applicable capital lease accounting guidance, the Company recorded a financial liability and a financial asset equal to the present value of the minimum lease payments at the time of the vessel’s delivery, when the term of the lease was deemed to begin. The net book value of these vessels (which includes the upfront fees paid by the Company until the delivery of the vessel, net of accumulated depreciation) recorded as of December 31, 2015 is reflected within “Vessels and other fixed assets, net” in the accompanying consolidated balance sheet. The charge resulting from amortization of these leased assets is included within “Depreciation expense” in the accompanying consolidated statement of operations. The interest expense on the financial liability related to these capital leases as of December 31, 2015 was $3,088 and is included within “Interest and finance costs” in the accompanying consolidated statement of operations. As of December 31, 2015 the net book value of the vessels was $120,992, with accumulated amortization of $3,056.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

5. Vessels and other fixed assets, net – (continued):

The principal payments required to be made after December 31, 2015, for the outstanding capital lease obligations, are as follows:

Years		Amount
December 31, 2016	$	8,640
December 31, 2017		8,640
December 31, 2018		8,640
December 31, 2019		11,437
December 31, 2020		12,370
December 31, 2021 and thereafter		51,832
Total capital lease minimum payments	**$**	**101,559**
Excluding bareboat interest		22,039
Total lease commitments		**79,520**
Lease commitments – current portion		4,490
Lease commitments – non-current portion		75,030

Impairment Analysis

As a result of the decline in charter rates and vessel values during the previous years and since market expectations for future rates were low and vessel values were unlikely to increase to the high levels of 2008, the Company reviewed the recoverability of the carrying amount of its vessels in 2013, 2014 and 2015.

The Company's impairment analysis for 2013 and 2014 indicated that the carrying amount of the Company's vessels was recoverable, and therefore the Company concluded that no impairment charge was necessary.

As part of the sales agreed in 2015 and 2016, as discussed above and in Notes 6 and 20 below, the Company recognized an impairment loss of $219,400. In addition, in light of the continued economic downturn and the prevailing conditions in the shipping industry, as of December 31, 2015, the Company performed an impairment analysis for each of its operating vessels and newbuildings whose carrying value was above its market value. Based on the Company's impairment analysis framework described in Note 2(n) above, the future undiscounted projected net operating cash flows for certain of its vessels over their operating life were below their carrying value. In estimating each vessel's projected cash flows, the Company also took into consideration the possibility of a sale of certain additional operating vessels and newbuildings (with a net book value as of December 31, 2015 of $119,591), to the extent that attractive sale prices will be attainable. After completing its impairment analysis, the Company recognized an additional impairment loss of $102,578.

The total impairment charge for the year ended December 31, 2015 is separately reflected in the accompanying consolidated statement of operations (Note 19).

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

6. Advances for vessels under construction and acquisition of vessels:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	2014	2015
Pre-delivery yard installments and fair value adjustment (Note 1)	$ 408,870	$ 65,009
Bareboat capital leases – upfront hire & handling fees	31,467	54,428
Capitalized interest and finance costs	10,654	6,301
Other capitalized costs (Note 3)	3,542	2,172
Advances for secondhand vessels	79	—
Total	**$ 454,612**	**$ 127,910**

As summarized in the relevant table of Note 1, as of December 31, 2015, the Company was party to 19 newbuilding contracts or lease arrangements (as further discussed below) for the construction of dry bulk carriers of various types, 11 of which were assumed as part of the Merger and the Pappas Transaction.

In 2015, the Company entered into separate agreements with third parties to sell upon their delivery from the shipyard the newbuilding vessels *Behemoth, Bruno Marks, Jenmark, Star Aries* and *Star Taurus*. The first two of these vessels were delivered to purchasers in January 2016, upon their delivery to the Company, while the remaining three will be delivered by the end of April 2016. In early 2016, the Company entered into an agreement to sell upon its delivery from the shipyard the newbuilding vessel *Megalodon* (ex-HN 5056). The vessel was delivered to its new owners in January 2016. None of these vessels met the 'held-for-sale' classification criteria as of December 31, 2015, as none of them was considered available for immediate sale in its present condition at that date.

During 2015 and in early 2016 the Company reached an agreement in principle with certain shipyards to defer the delivery and reduce the purchase price of certain newbuilding vessels. The estimated delivery dates disclosed in the tables of Note 1 take effect of these negotiations. These agreements are subject to execution of final documentation by both parties. The aggregate agreed reduction to the purchase price was $64,508. In addition, an amount of $187,695, regarding capital expenditures due in 2016, was deferred to 2017 and 2018. Taking into effect the outcome of these negotiations, as of December 31, 2015, the total aggregate remaining contracted price for the 19 newbuilding vessels plus agreed extras was $619,223, of which $431,527 is payable during the next twelve months ending December 31, 2016, and the remaining $113,366 and $74,330 is payable during the years ending December 31, 2017 and 2018, respectively. An amount of $84,600, $77,100 and $38,400, respectively, will be financed through bareboat capital lease arrangements, as discussed below, the commitments of that are reflected in Note 17.

6. Advances for vessels under construction and acquisition of vessels – (continued):

Capital leases

On February 17, 2014, the Company entered into separate bareboat charter party contracts with CSSC (Hong Kong) Shipping Company Limited, or CSSC, an affiliate of Shanghai Waigaoqiao Shipbuilding Co., Ltd. ("SWS"), a Chinese shipyard, to bareboat charter for ten years, two fuel efficient newbuilding Newcastlemax dry bulk vessels, the "CSSC Vessels", each with a cargo carrying capacity of 208,000 dwt. The vessels are being constructed pursuant to shipbuilding contracts entered into between two pairings of affiliates of SWS. Each pair has one shipyard party (each, an "SWS Builder") and one ship-owning entity (each an "SWS Owner"). Delivery to the Company of each vessel is deemed to occur upon delivery of the vessel to the SWS Owner from the corresponding SWS Builder. Pursuant to the terms of the bareboat charters, the Company is required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount of $43,200 and $40,000, respectively, for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, will be financed by the relevant SWS Owner, to whom the Company will pay a daily bareboat charter hire rate payable monthly plus a variable amount. In addition, the Company will pay an amount of $669 for agreed extra costs for both vessels. In addition, the Company is also obliged to pay an amount of $936 representing handling fees in two installments. The first installment of $462 was paid upon the signing of the bareboat charters, and the second installment due one year later was paid in 2015. Under the terms of the bareboat charters, the Company has the option to purchase the CSSC Vessels at any time, such option being exercisable on a monthly basis against pre-determined, amortizing-during-the-charter-period prices whilst it has a respective obligation of purchasing the vessels at the expiration of the bareboat term at a purchase price of $12,960 and $12,000, respectively. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the CSSC Vessels.

In addition, following the completion of the Merger and the Pappas Transactions the Company also assumed bareboat charters with respect to five newbuilding vessels being built at SWS for subsidiaries of Oceanbulk at the time of the Merger. On December 27, 2013, subsidiaries of Oceanbulk entered into separate bareboat charter party contracts with affiliates of SWS for ten-year bareboat charters of five newbuilding 208,000 dwt Newcastlemax vessels. The vessels are being constructed pursuant to shipbuilding contracts entered into between five pairings of affiliates of SWS. As of December 31, 2015, the Company expects that only three of these vessels will still be delivered. Each pair has one shipyard party (each, an "SWS Builder") and one ship-owning entity (each an "SWS Owner"). Delivery of each vessel to the Company is deemed to occur upon delivery of the vessel to the SWS Owner from the corresponding SWS Builder. Pursuant to the terms of the bareboat charter, the Company is required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount ranging from $40,000, to $43,200 for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, will be financed by the relevant SWS Owner, to whom the Company will pay a daily bareboat charter hire rate payable monthly plus a variable amount. In addition, the Company will pay for the three newbuilding vessels an aggregate amount of $1,008 for agreed extra costs. After each vessel's delivery, the Company has monthly purchase options to acquire the vessel at pre-determined, amortizing-during-the-charter-period prices. At the end of the ten-year charter period for each vessel, the Company has the obligation to purchase the vessel at a purchase price ranging from $12,000 to $12,960. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the three vessels.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

6. Advances for vessels under construction and acquisition of vessels – (continued):

Capital leases

Based on applicable accounting guidance, the Company determined that the bareboat charters with the affiliates of SWS and CSSC should be classified as capital leases. Therefore, $15,669 paid up to December 31, 2015, representing upfront hire and handling fees for the newbuilding vessels, including those vessels delivered during this period, has been capitalized and is included under "Advances for vessels under construction and acquisition of vessels". In addition, based on the lease agreement provisions, the Company is not deemed to bear substantially all of the construction period risk and therefore is not considered the owner of the vessels during the construction period. Therefore, each of the above bareboat charters is not considered a sales type lease and will not be accounted for as a sale and leaseback transaction upon the delivery of each newbuilding vessel to the Company, when the lease term is deemed to begin. At that time, the Company will recognize the appropriate financial liability and financial asset in accordance with the applicable capital lease accounting guidance.

On August 31, 2015, the Company entered into a non-binding term sheet for the sale of one of its newbuilding contract (HN 1343 (tbn *Star Leo*)) and a 10-year lease back arrangement with CSSC, in order to finance up to $40,000 for the vessel's delivery installment. The final agreements, which include the memorandum of agreement and bareboat lease agreement, are expected to be signed in March 2016. Pursuant to the terms of the bareboat charter, the Company will pay a fixed bareboat charter hire rate payable monthly plus a variable amount. In addition, the Company will also pay $500 representing handling fees in two installments. Under the terms of the bareboat charter, the Company has the option to purchase the vessel at any time, such option being exercisable on a monthly basis against pre-determined, amortizing-during-the-charter-period prices, while it has a respective obligation of purchasing the vessel at the expiration of the bareboat term at a purchase price of $12,060. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charter, the Company will own the vessel. Based on applicable accounting guidance, the Company determined that the bareboat charter for HN 1343 (tbn *Star Leo*) should be classified at the time of the beginning of the lease (i.e. at the delivery of the vessel expected in January 2018) as capital lease. The Company is deemed to retain substantially all of the benefits and risks incident to the ownership of the sold vessel. Accordingly, the sale-leaseback transaction is merely a financing and will be accounted for as such upon the delivery of the vessel.

During the year ended December 31, 2015, the Company agreed to reassign the leases for two newbuilding vessels back to the vessels' owner for a one-time refund to the Company of $5,800 each.

7. Fair value of Above Market Acquired Time Charters:

During 2011, the Company acquired two second-hand Capesize vessels, *Star Big* and *Star Mega*, with existing time charter contracts. Upon their delivery, the Company evaluated the attached charter contracts by comparing the charter rates in the acquired time charter agreements with the market rates for equivalent time charter agreements prevailing at the time the foregoing vessels were delivered and recognized an asset of $23,065. As described in Note 5 above, in the second quarter of 2015, the Company entered into an agreement with a third party to sell the vessel *Star Big*. In view of its planned sale, its above market acquired time charter was terminated early, and the unamortized balance of $2,114, at June 30, 2015, was written-off. Such amount is reflected under "Loss on time charter agreement termination" in the accompanying consolidated statement of operations for the year ended December 31, 2015.

As part of the Merger in July 2014, a $1,967 intangible asset was recognized corresponding to a fair value adjustment for two favorable time charters under which Oceanbulk was the lessor at the time of acquisition, with respect to vessels *Amami* and *Madredeus,* as further discussed in Note 1.

In addition, for three Excel Vessels *Star Martha (ex Christine)*, *Star Pauline (ex Sandra)* and *Star Despoina (ex Lowlands Beilun)*, which were transferred to the Company subject to existing charters, the Company recognized an asset of $8,076, since it determined that the respective charters were favorable comparing to the existing charter rates.

For the years ended December 31, 2013, 2014 and 2015, the amortization of fair value of the above market acquired time charters amounted to $6,352, $6,113 and $9,540, respectively, and is included under "Voyage revenues" in the accompanying consolidated statements of operations. The accumulated amortization of these above market time charters as of December 31, 2014 and 2015 was $21,200 and $30,740, respectively.

The carrying amount of the above market acquired time charters amounting to $254 as of December 31, 2015 will be amortized on a straight line basis to revenues through the end of the corresponding charter parties, over a weighted-average period of 0.28 years as follows:

Year	**Amount**
December 31, 2016	$ 254
Total	**$ 254**

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

8. Long-term debt:

The table below presents outstanding amounts under the Company's bank loans and notes as of December 31, 2014 and 2015:

	2014	2015
Commerzbank $120,000 and $26,000 facilities	$ 74,680	$ 44,417
Credit Agricole Corporate and Investment Bank $70,000 facility	54,968	51,028
ABN AMRO Bank N.V. $31,000 facility	12,800	-
HSH Nordbank AG $64,500 facility	29,600	22,047
HSH Nordbank AG $35,000 facility	33,187	30,771
Deutsche Bank AG $39,000 facility	36,660	33,540
ABN $87,458 Facility	76,689	55,158
Deutsche Bank $85,000 Facility	82,708	77,042
HSBC $86,600 Facility	83,490	77,270
CEXIM $57,360 Facility	-	-
HSBC $20,000 Dioriga Facility	19,300	17,900
NIBC $32,000 Facility	-	29,966
BNP $32,480 Facility	32,480	30,331
Excel Vessel Bridge Facility	56,161	-
DVB $24,750 Facility	24,750	21,150
Excel Vessel CiT Facility	30,000	-
Sinosure Facility	-	52,165
Citi Facility	51,478	80,554
Heron Vessels Facility	24,567	21,589
DNB $120,000 Facility	88,275	98,051
DVB $31,000 Facility	-	27,727
DNB–SEB–CEXIM $227,500 Facility	-	91,032
8.00% 2019 Notes	50,000	50,000
	$ 861,793	**$ 911,738**

a) Commerzbank $120,000 Facility:

On December 27, 2007, the Company entered into a loan agreement with Commerzbank AG for up to $120,000, in order to partially finance the acquisition cost of the vessels, *Star Gamma*, *Star Delta*, *Star Epsilon*, *Star Zeta*, and *Star Theta* (the "Commerzbank $120,000 Facility"). The Commerzbank $120,000 Facility is secured by a first priority mortgage over the financed vessels. The Commerzbank $120,000 Facility was amended in June and December 2009. As amended, the Commerzbank $120,000 Facility had two tranches. One tranche of $50,000 was repayable in 28 consecutive quarterly installments, which commenced in January 2010, consisting of (i) the first four installments of $2,250 each, (ii) the next 13 installments of $1,000 each and (iii) the remaining 11 installments of $1,300 each, with a final balloon payment of $13,700 payable along with the last installment. The second tranche of $70,000 was repayable in 28 consecutive quarterly installments, which commenced in January 2010, consisting of (i) the first four installments of $4,000 each and (iii) the remaining 24 installments of $1,750 each, with a final balloon payment of $12,000 payable together with the last installment. The repayment schedule was modified to make the entire amount outstanding under the Commerzbank $120,000 Facility payable in October, 2016, as described further below under "Supplemental Agreements – Commerzbank $120,000 and $26,000 Facilities."

8. Long-term debt – (continued):

b) Commerzbank $26,000 Facility:

On September 3, 2010, the Company entered into a loan agreement with Commerzbank AG for up to $26,000 in order to partially finance the acquisition cost of the vessel, *Star Aurora* (the "Commerzbank $26,000 Facility"). The Commerzbank $26,000 Facility was secured by a first priority mortgage over the financed vessel. As described below, under "Supplemental Agreements - Commerzbank $120,000 and $26,000 Facilities," the Commerzbank $26,000 was fully repaid in June 2015.

Restructuring Agreement - Commerzbank $120,000 and $26,000 Facilities

On December 17, 2012, the Company executed a commitment letter with Commerzbank to amend the Commerzbank $120,000 Facility and the Commerzbank $26,000 Facility. The definitive documentation for the supplemental agreement (the "Commerzbank Supplemental") was signed on July 1, 2013. Pursuant to the Commerzbank Supplemental, the Company paid Commerzbank a flat fee of 0.40% of the combined outstanding loans under the two facilities and agreed, subject to certain conditions, to (i) amend some of the covenants governing the two facilities, (ii) prepay an amount of $2,000, pro rata against the balloon payments of each facility, (iii) raise $30,000 in equity (which condition was satisfied after the completion of the Company's rights offering in July 2013 (Note 9)) and (iv) increase the loan margins. In addition, Commerzbank agreed to defer 60% and 50% of the quarterly installments for the years ended December 31, 2013 and 2014 (the "Deferred Amounts"), to the balloon payments or to a payment in accordance with a semi-annual cash sweep mechanism; under which all earnings of the mortgaged vessels after operating expenses, dry docking provision, general and administrative expenses and debt service, if any, will be used as repayment of the Deferred Amounts. The Company was not permitted to pay any dividends as long as Deferred Amounts are outstanding and/or until original terms are complied with.

On March 30, 2015, the Company and Commerzbank AG signed a second supplemental agreement (the "Commerzbank Second Supplemental"). Under the Commerzbank Second Supplemental, the Company agreed to (i) prepay an amount of $3,000, (ii) amend some of the covenants governing this facility, and (iii) change the repayment date for the Commerzbank $26,000 Facility from September 7, 2016 to July 31, 2015. The Company fully repaid the Commerzbank $26,000 Facility in June 2015, and the vessels *Star Aurora* and *Star Zeta* were released from the vessel mortgage.

On June 29, 2015, the Company and Commerzbank AG signed a third supplemental agreement (the "Commerzbank Third Supplemental"). Under the Commerzbank Third Supplemental, the Company and Commerzbank AG agreed to (i) defer the installment payments under the Commerzbank $120,000 Facility, until the full repayment in late October, 2016, (ii) add as additional collateral the vessel *Star Iris,* and (iii) amend some of the covenants governing this facility (Note 20).

8. Long-term debt – (continued):

c) Credit Agricole $70,000 Facility:

On January 20, 2011, the Company entered into a loan agreement with Credit Agricole Corporate and Investment Bank for a term loan up to $70,000 (the "Credit Agricole $70,000 Facility") to partially finance the construction cost of the two newbuilding vessels, *Star Borealis* and *Star Polaris,* which were delivered to the Company in 2011. The Credit Agricole $70,000 Facility is secured by a first priority mortgage over the financed vessels and is divided into two tranches. The Company drew down $67,275 under this facility. The Credit Agricole $70,000 Facility is repayable in 28 consecutive quarterly installments, commencing three months after the delivery of each vessel, of $485.4 and $499.7, respectively, and a final balloon payment payable at maturity, of $19,558.2 (due August 2018) and $20,134 (due November 2018) for the *Star Borealis* and *Star Polaris* tranches, respectively.

On June 29, 2015, the Company signed a waiver letter with Credit Agricole Corporate and Investment Bank in order to revise some of the covenants contained in the loan agreement for a period up to December 31, 2016.

d) ABN AMRO Bank N.V. $31,000 Facility:

On July 21, 2011, the Company entered into a senior secured credit facility with ABN AMRO Bank N.V. the "ABN AMRO") for $31,000 (the "ABN AMRO $31,000 Facility"), to partially finance the acquisition cost of the vessels *Star Big* and *Star Mega*. The ABN AMRO $31,000 Facility was secured by a first priority mortgage over the financed vessels. The borrowers under the ABN AMRO $31,000 Facility were the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. was the guarantor.

On March 16, 2012, the Company and ABN AMRO amended the ABN AMRO $31,000 Facility under a first supplemental agreement (the "ABN $31,000 First Supplemental"). On April 2, 2013, the Company and ABN AMRO signed a second supplemental agreement (the "ABN $31,000 Second Supplemental" and, together with the ABN First Supplemental, the "ABN $31,000 Supplementals"). Under the ABN $31,000 Supplementals, the Company agreed, subject to certain conditions, to (i) revise the covenants governing this facility until December 31, 2014, (ii) not pay dividends until December 31, 2014 and (iii) increase the margin by 50 bps, beginning on March 31, 2013, until the time the Company was able to raise at least $30,000 of additional equity (which condition was satisfied after the completion of the Company's rights offering in July 2013 (Note 9)).

On March 31, 2015, the Company and ABN AMRO signed a third supplemental agreement (the "ABN $31,000 Third Supplemental") and agreed to revise certain covenants governing this facility.

In June 2015, this facility was fully repaid following the sale of the vessels *Star Big* and *Star Mega* (Note 5).

e) HSH Nordbank AG $64,500 Facility:

On October 3, 2011, the Company entered into a $64,500 secured term loan agreement (the "HSH Nordbank $64,500 Facility") with HSH Nordbank AG ("HSH Nordbank") to repay, together with cash on hand, certain existing debt. The borrowers under the HSH Nordbank $64,500 Facility are the vessel-owning subsidiaries that own the vessels *Star Cosmo, Star Kappa, Star Sigma, Star Omicron* and *Star Ypsilon*, and Star Bulk Carriers Corp. is the guarantor. This facility consists of two tranches. The first tranche of $48,500 (the "Supramax Tranche") is repayable in 20 quarterly consecutive installments of $1,250 commencing in January 2012 and a final balloon payment of $23,500 payable at the maturity, in September, 2016. The second tranche of $16,000 (the "Capesize Tranche") was repayable in 12 consecutive, quarterly installments of $1,333, commencing in January 2012 and matured in September 2014.

8. Long-term debt – (continued):

e) HSH Nordbank AG $64,500 Facility – (continued):

On July 17, 2013, the Company and HSH Nordbank signed a supplemental agreement (the "HSH Nordbank $64,500 Supplemental"). Under the HSH Nordbank $64,500 Supplemental, the Company agreed, subject to certain conditions, to (i) amend some of the covenants governing this facility until December 31, 2014, (ii) defer a minimum of approximately $3,500 payments from January 1, 2013 until December 31, 2014, (iii) prepay an amount of $6,590 with pledged cash already held by HSH Nordbank, (iv) raise $20,000 in equity (which condition was satisfied after the completion of the Company's rights offering in July 2013, (Note 9), (v) increase the loan margins from January 1, 2013 until December 31, 2014, (vi) include a semi-annual cash sweep mechanism, under which all earnings of the mortgaged vessels after operating expenses, dry docking provision, general and administrative expenses and debt service, if any, are to be used as prepayment to the balloon payment of the Supramax Tranche, and (vii) not pay any dividends until December 31, 2014 or later in case of a covenant breach. When the Company sold the vessel *Star Sigma* in April 2013, the HSH Nordbank $64,500 Supplemental also required the Company to use the proceeds from the sale to fully prepay the balance of the Capesize Tranche and use the remaining vessel sale proceeds to prepay a portion of the Supramax Tranche. As a result, the next seven scheduled quarterly installments commencing in April 2013 were reduced pro rata according to the prepayment from $813 to $224.

On June 29, 2015, the Company and HSH Nordbank signed a supplemental agreement to amend certain covenants governing this facility until December 31, 2016.

f) HSH Nordbank AG $35,000 Facility:

On February 6, 2014, the Company entered into a new $35,000 secured term loan agreement (the "HSH Nordbank $35,000 Facility") with HSH Nordbank AG. The borrowings under this new loan agreement were used to partially finance the acquisition cost of the vessels *Star Challenger* and ***Star Fighter*.** The HSH Nordbank $35,000 Facility is secured by a first priority mortgage over the financed vessels. The borrowers under the HSH Nordbank $35,000 Facility are the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. is the guarantor. This facility matures in February 2021 and is repayable in 28 equal, consecutive, quarterly installments, commencing in May 2014, of $312.5 and $291.7 for the *Star Challenger* and *Star Fighter*, respectively, and a final balloon payment of $8,750 and $9,332.4, payable together with the last installments, for *Star Challenger* and *Star Fighter,* respectively.

On June 29, 2015, the Company and HSH Nordbank signed a supplemental agreement to amend certain covenants governing this facility until December 31, 2016.

g) Deutsche Bank AG $39,000 Facility:

On March 14, 2014, the Company entered into a $39,000 secured term loan agreement with Deutsche Bank AG (the "Deutsche Bank $39,000 Facility"). The borrowings under this loan agreement were used to partially finance the acquisition cost of the vessels *Star Sirius* and ***Star Vega*.** The Deutsche Bank $39,000 Facility is secured by a first priority mortgage over the financed vessels. The borrowers under the Deutsche Bank $39,000 Facility are the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. is the guarantor. This facility consists of two tranches of $19,500 each and matures in March 2021. Each tranche is repayable in 28 equal, consecutive, quarterly installments of $390 each commencing in June 2014, and a final balloon payment of $8,580 payable at maturity.

On June 29, 2015, the Company entered into a supplemental letter with Deutsche Bank AG to amend certain covenants governing this facility until December 31, 2016.

8. Long-term debt – (continued):

h) ABN $87,458 Facility

On August 1, 2013, Oceanbulk Shipping entered into a $34,458 credit facility with ABN AMRO, N.V. (the "ABN AMRO $87,458 Facility") in order to partially finance the acquisition cost of the vessels *Obelix* and *Maiden Voyage*. The loans under the ABN AMRO $87,458 Facility were available in two tranches of $20,350 and $14,108. On August 6, 2013, Oceanbulk Shipping drew down the available tranches. On December 18, 2013, the ABN AMRO $87,458 Facility was amended to add an additional loan of $53,000 to partially finance the acquisition cost of the vessels *Big Bang, Strange Attractor, Big Fish* and *Pantagruel*. On December 20, 2013, Oceanbulk Shipping drew down the available tranches. The tranche under the ABN AMRO $87,458 Facility relating to vessel *Obelix* matures in September 2017, the one relating to vessel *Maiden Voyage* matures in August 2018 and those relating to vessels *Big Bang, Strange Attractor, Big Fish and Pantagruel,* mature in December 2018. The tranches are repayable in quarterly consecutive installments ranging between $248 to $550 and a final balloon payment for each tranche at maturity, ranging between $2,500 and $12,813. The ABN AMRO $87,458 Facility is secured by a first-priority ship mortgage on the financed vessels and general and specific assignments and was guaranteed by Oceanbulk Shipping LLC. Following the completion of the Merger, Star Bulk Carriers Corp. replaced Oceanbulk Shipping as guarantor of the ABN AMRO $87,458 Facility.

On June 29, 2015, the Company signed a supplemental letter with ABN AMRO to amend certain covenants governing this facility until December 31, 2016.

In August 2015, the tranche relating to the vessel *Maiden Voyage* was fully repaid, following the sale of the vessel (Note 5).

In January 2016, the Company entered into an agreement with a third party to sell the vessel *Obelix*, which is expected to be delivered to its new owners by April 2016. In connection with this sale, the tranche relating to the vessel *Obelix* is expected to be repaid.

i) Deutsche Bank $85,000 Facility

On May 20, 2014, Oceanbulk Shipping entered into a loan agreement with Deutsche Bank AG Filiale Deutschlandgeschaft for the financing of an aggregate amount of $85,000 (the "Deutsche Bank $85,000 Facility"), in order to partially finance the construction cost of the newbuilding vessels *Magnum Opus*, *Peloreus* and *Leviathan*. Each tranche matures five years after the drawdown date. The applicable tranches were drawn down concurrently with the deliveries of the financed vessels, in May, July and September 2014, respectively. Each tranche is subject to 19 quarterly amortization payments equal to 1/60th of the tranche amount, with the 20th payment equal to the remaining amount outstanding on the tranche. The Deutsche Bank $85,000 Facility is secured by first priority cross-collateralized ship mortgages on the financed vessels, and general and specific assignments and was originally guaranteed by Oceanbulk Shipping. On July 4, 2014, an amendment to the Deutsche Bank $85,000 Facility was executed in order to add ITF International Transport Finance Suisse AG as a lender. On November 4, 2014, a supplemental letter was signed to replace Oceanbulk Shipping with Star Bulk Carriers Corp. as guarantor of this facility.

On June 29, 2015, the Company signed a supplemental letter with Deutsche Bank AG Filiale Deutschlandgeschaft to amend certain covenants governing this facility until December 31, 2016.

In March 2016, the tranche relating to the vessel *Magnum Opus* was fully repaid, following the sale of the respective vessel (Note 20).

8. Long-term debt – (continued):

j) **HSBC $86,600 Facility**

On June 16, 2014, Oceanbulk Shipping entered into a loan agreement with HSBC Bank plc. (the "HSBC $86,600 Facility") for the financing of an aggregate amount of $86,600, to partially finance the acquisition cost of the second hand vessels *Kymopolia*, *Mercurial Virgo*, *Pendulum*, *Amami* and *Madredeus*. The loan, which was drawn in June 2014, matures in May 2019 and is repayable in 20 quarterly installments, commencing three months after the drawdown, of $1,555 plus a balloon payment of $55,500 due together with the last installment. The HSBC $86,600 Facility is secured by a first priority mortgage over the financed vessels and general and specific assignments and was originally guaranteed by Oceanbulk Shipping. On September 11, 2014, a supplemental agreement to the HSBC $86,600 Facility was executed in order to replace Oceanbulk Shipping with Star Bulk Carriers Corp. as guarantor of the HSBC $86,600 Facility.

k) HSBC $20,000 Dioriga Facility

On April 14, 2014, Dioriga Shipping Co. entered into a loan agreement with HSBC Bank plc (the "HSBC $20,000 Dioriga Facility") for $20,000 to partially finance the construction cost of the vessel *Tsu Ebisu*, which was delivered in April 2014. The HSBC $20,000 Dioriga Facility matures in March 2019 and is repayable in 20 quarterly installments of $350 each, commencing three months after the drawdown, plus a balloon payment of $13,000 due together with the last installment. The HSBC $20,000 Dioriga Facility is secured by a first priority mortgage over the financed vessel and general and specific assignments. On October 3, 2014, a supplemental agreement to the HSBC $20,000 Dioriga Facility was executed in order for Star Bulk Carriers Corp. to become the guarantor of the HSBC $20,000 Dioriga Facility and to include covenants similar to those of the Company's other vessel financing facilities.

On June 30, 2015, the Company entered into second supplemental agreements with HSBC Bank plc to amend certain covenants included in the HSBC $86,600 Facility and HSBC $20,000 Dioriga Facility until December 31, 2016. In addition, the Company agreed to provide a first priority cross collateralized mortgage over the financed vessels of the HSBC $86,600 Facility and the financed vessel of the HSBC $20,000 Dioriga Facility.

In December 2015, the Company entered into separate agreement with third party to sell the vessel *Tsu Ebisu* (Note 20) and therefore the Dioriga $20.0 million Facility was fully repaid in January 2016.

l) **CEXIM $57,360 Facility**

On June 26, 2014, Oceanbulk Shipping entered into a loan agreement with the Export-Import Bank of China (the "CEXIM $57,360 Facility") for the financing of an aggregate amount of up to $57,360, which will be available in two tranches of $28,680 each, to partially finance the construction cost of the two newbuilding Vessels *Bruno Marks* (ex-HN 1312) delivered in January 2016 and HN 1313 (tbn *Jenmark*), with expected delivery in March 2016. Each tranche will mature ten years from the delivery of the last delivered financed vessel and is repayable in 20 semi-annual installments of $1,147 plus a balloon payment of $5,736, with the first installment being due on the first January 21 or July 21, six months after the delivery of each vessel. In December 2015, the Company entered into separate agreements with third parties to sell the newbuilding vessels *Bruno Marks and Jenmark,* upon their delivery to the Company (Note 6) and therefore the CEXIM $57,360 Facility was terminated without being drawn.

8. Long-term debt – (continued):

m) NIBC $32,000 Facility:

On November 7, 2014, the Company and NIBC Bank N.V. entered into an agreement with respect to a credit facility (the "NIBC $32,000 Facility") for the financing of an aggregate amount of up to $32,000, which is available in two tranches of $16,000, to partially finance the construction cost of two newbuilding vessels, *Star Aquarius* (ex-HN 5040) and *Star Pisces* (ex-HN 5043). An amount of $15,237 for each vessel was drawn in July and August 2015, concurrently with the delivery of the respective vessels to the Company. Each tranche is repayable in consecutive quarterly installments of $255, commencing three months after the drawdown of each tranche, plus a balloon payment of $9,633 and $9,888, for each of the two vessels, both due in November 2020. The NIBC $32,000 Facility is secured by a first priority cross collateralized mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with NIBC Bank N.V to amend certain covenants governing this facility until December 31, 2016.

n) BNP $32,480 Facility:

On December 3, 2014, Positive Shipping Company, a subsidiary of Star Bulk following the completion of the Pappas Transaction, and BNP Paribas entered into an agreement with respect to a credit facility (the "BNP $32,480 Facility") for the financing of up to $32,500 to partially finance the construction cost of its newbuilding vessel *Indomitable* (ex-HN 5016). An amount of $32,480 was drawn in December 2014, in anticipation of the delivery of the *Indomitable* to the Company on January 8, 2015. The facility is repayable in 20 equal, consecutive, quarterly principal payments of $537.2 each, with the first becoming due and payable three months from the drawdown date and a balloon installment of $21,737 payable simultaneously with the 20^{th} installment, which is due in December 2019. The BNP $32,480 Facility is secured by a first priority mortgage over the financed vessel and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On July 3, 2015, the Company signed a supplemental letter with BNP Paribas to amend certain covenants governing this facility from June 30, 2015 until December 31, 2016.

In December 2015, the Company entered into separate agreement with third party to sell the vessel *Indomitable*. In connection with this sale, the BNP $32.48 million Facility is expected to be repaid in March 2016 along with the delivery of the vessel to its new owners.

o) Excel Vessel Bridge Facility (Note 3 and Note 20):

On August 19, 2014, the Company, through Unity Holdings LLC ("Unity"), a fully owned subsidiary, entered into a $231,000 Senior Secured Credit Agreement, among Unity, as Borrower, the initial lenders named therein, as Initial Lenders, affiliates of Oaktree and Angelo Gordon as Lenders, and Wilmington Trust National Association, as Administrative Agent. The Company used borrowings under the Excel Vessel Bridge Facility to fund portion of the cash consideration for the Excel Vessels. The Excel Vessel Bridge Facility would mature in February 2016, with mandatory repayments of $6,000, each due in March, June and September 2015. Unity, Star Bulk, and each individual vessel-owning subsidiary of Unity were guarantors under the Excel Vessel Bridge Facility. As of December 31, 2014 an amount of $195,914 had been drawn under the Excel Vessel Bridge Facility, of which an amount of $139,753 was prepaid from proceeds from the Citi Facility and the DNB $120,000 Facility (discussed below), with such prepayment being applied in direct order of maturity according to the provisions of the Excel Vessel Bridge Facility.

As of December 31, 2014, the classification of the Excel Vessel Bridge Facility, in the accompanying balance sheet was made according to the repayment schedules of the Citi Facility and DNB $120,000 Facility. On January 29, 2015, the Company fully prepaid and terminated the Excel Vessel Bridge Facility.

8. Long-term debt – (continued):

p) DVB $24,750 Facility:

On October 30, 2014, the Company and DVB Bank SE, Frankfurt entered into an agreement with respect to a credit facility (the "DVB $24,750 Facility"), to partially finance the acquisition of 100% of the equity interests of Christine Shipco LLC, which is the owner of the vessel *Star Martha* (ex-Christine), one of the 34 Excel Vessels. On October 31, 2014, the Company drew $24,750 to pay Excel the related cash consideration. The DVB $24,750 Facility is repayable in 24 consecutive, quarterly principal payments of $900 for each of the first four quarters and of $450 for each of the remaining 20 quarters, with the first becoming due and payable three months from the drawdown date, and a balloon payment of $12,150 payable simultaneously with the last quarterly installment, which is due in October 2020. The DVB $24,750 Facility is secured by a first priority pledge of the membership interests of the Christine Shipco LLC and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with DVB Bank SE, Frankfurt to amend certain covenants governing this facility until December 31, 2016.

q) Excel Vessel CiT Facility:

On December 9, 2014, the Company entered into a credit facility with CiT Finance LLC (the "Excel Vessel CiT Facility") for an amount up to $30,000 to partially finance the acquisition of 11 of the older Excel Vessels. The Excel Vessel CiT Facility is secured on a first-priority basis by these 11 financed vessels, which consist of nine Panamax and two Handymax vessels (the "Excel Collateral Vessels"). Pursuant to an intercreditor agreement executed among the lenders under the Excel Vessel Bridge Facility and Excel Vessel CiT Facility, the Excel Collateral Vessels also secured the Excel Vessel Bridge Facility on a second-priority basis. On December 10, 2014, the Company drew $30,000 under the Excel Vessel CiT Facility. The borrowers under the Excel Vessel CiT Facility were the various vessel-owning subsidiaries that own the Excel Collateral Vessels and Star Bulk Carriers Corp. was the guarantor. The Excel Vessel CiT Facility would mature in December 2016 and was subject to quarterly amortization payments of $500, commencing on March 31, 2015, with a balloon payment equal to the outstanding amount under the Excel Vessel CiT Facility payable simultaneously with the last quarterly installment.

On June 10, 2015, the Company fully repaid the Excel Vessel CiT Facility.

r) Sinosure Facility:

On December 22, 2014, the Company executed a binding term sheet with Deutsche Bank (China) Co., Ltd. Beijing Branch and HSBC Bank plc (the "Sinosure Facility") for the financing of an aggregate amount of up to $156,453 to partially finance the construction cost of eight newbuilding vessels, *Honey Badger (ex–HN NE 164)*, Wolverine (ex-HN NE 165), Star Antares (ex-HN NE 196), *Star Lutas* (ex-HN NE 197), HN 1080 (tbn *Kennadi*), HN 1081 (tbn *Mackenzie*), HN 1082 (tbn *Night Owl*) and HN 1083 (tbn *Early Bird*) (the "Sinosure Financed Vessels"). The financing under the Sinosure Facility is available in eight separate tranches, one for each Sinosure Financed Vessel, and is credit insured (95%) by China Export & Credit Insurance Corporation. The final loan documentation for the Sinosure Facility was signed on February 11, 2015. Each tranche, which is documented by a separate credit agreement, matures twelve years after each drawdown date and is repayable in 48 equal and consecutive quarterly installments. The Sinosure Facility is secured by a first priority cross collateralized mortgage over the Sinosure Financed Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp. The vessels *Honey Badger* and *Wolverine* were delivered to the Company in February 2015. The vessel *Star Antares* was delivered to the Company in October 2015. The vessels *Star Lutas* and *Kennadi* were delivered to the Company in early January 2016 and the vessel *Mackenzie* was delivered to the Company in March 2016 (Note 20).

8. Long-term debt – (continued):

r) Sinosure Facility – (continued):

On September 2, 2015, the Company signed a supplemental letter agreement with Deutsche Bank (China) Co., Ltd. Beijing Branch and HSBC Bank plc to amend certain covenants governing the existing credit agreements from June 26, 2015 until December 31, 2016.

s) Citi Facility:

On December 22, 2014, the Company entered into a credit facility with Citibank, N.A., London Branch (the "Citi Facility") to provide financing in an amount of up to $100,000, in lieu of the Excel Vessel Bridge Facility, in connection with the acquisition of vessels *Star Pauline (ex–Sandra)*, *Star Despoina (ex–Lowlands Beilun)*, *Star Angie*, *Star Sophia*, *Star Georgia*, *Star Kamila* and *Star Nina,* which are seven of the Excel Vessels the Company has acquired (the "Citi Financed Excel Vessels"). The first tranche of $51,477.5 was drawn on December 23, 2014, and the second tranche of $42,627.5 was drawn on January 21, 2015. The Company used amounts drawn under the Citi Facility to repay portion of the Excel Vessel Bridge Facility in respect of those Citi Financed Excel Vessels. The Citi Facility matures on December 30, 2019. The Citi Facility is repayable in 20 equal, consecutive, quarterly principal payments of $3,388, with the first installment due on March 30, 2015 and a balloon installment of $26,349 payable simultaneously with the 20th quarterly installment. The Citi Facility is secured by a first priority mortgage over the Citi Financed Excel Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 30, 2015, the Company signed a supplemental Agreement with Citibank, N.A., London Branch to amend certain covenants governing this agreement until December 31, 2016.

8. Long-term debt- (continued):

t) Heron Vessels Facility:

In November 2014, the Company entered into a secured term loan agreement with CiT Finance LLC (the "Heron Vessels Facility"), in the amount of $25,311, in order to partially finance the acquisition cost of the two Heron Vessels, *Star Gwyneth* and *Star Angelina*. The drawdown of the financed amount incurred in December 2014, when the Company took delivery of the Heron Vessels. The facility matures on June 30, 2019, and is repayable in 19 equal consecutive, quarterly principal payments of $744.4 (with the first becoming due and payable on December 31, 2014), and a balloon installment payable at maturity equal to the then outstanding amount of the loan. The facility is secured by a first priority mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carrier Corp.

On July 1, 2015, the Company signed a supplemental letter with CiT Finance LLC to amend certain covenants governing this agreement from June 30, 2015 until December 31, 2016 and to add the vessel *Star Aline* as collateral under this agreement.

u) DNB $120,000 Facility:

On December 29, 2014, the Company entered into an agreement with DNB Bank ASA as facility agent, security agent account bank and bookrunner, DNB Bank ASA, NIBC Bank N.V and Skandinaviska Enskilda Banken AB as original lenders, mandated lead arrangers and hedge counterparties (the "DNB $120,000 Facility"), to provide financing for up to $120,000, in lieu of the Excel Vessel Bridge Facility, in connection with the acquisition of vessels *Star Nasia*, *Star Monisha*, *Star Eleonora*, *Star Danai*, *Star Renee*, *Star Markella*, *Star Laura*, *Star Moira*, *Star Jennifer*, *Star Mariella*, *Star Helena* and *Star Maria,* which are 12 of the Excel Vessels the Company has acquired (the "DNB Financed Excel Vessels"). The Company drew $88,275 on December 30, 2014, $9,515 in January, 2015, $9,507 in February 2015 and $7,769 in April 2015. The Company used amounts drawn under the DNB $120,000 Facility to repay portion of the amounts drawn under the Excel Vessel Bridge Facility relating to the DNB Financed Excel Vessels. The DNB $120,000 Facility matures in December 2019 and is repayable in 20 equal, consecutive, quarterly principal payments of $4,374, with the first installment due in March 2015, and a balloon installment of $29,160 payable simultaneously with the 20th installment. The DNB $120,000 Facility is secured by a first priority mortgage over the DNB Financed Excel Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with the lenders under this facility to amend certain covenants governing this agreement until December 31, 2016.

v) DVB $31,000 Facility:

On May 21, 2015, the Company entered into an agreement with DVB Bank SE (the "DVB $31,000 Facility") for up to $31,000 to partially finance the construction cost of the newbuilding vessel *Deep Blue* (ex-HN 5017). The Company drew $28,680 in May 2015, upon the vessel's delivery to the Company. The facility is repayable in 24 equal, consecutive, quarterly principal installments of $476.5 each, with the first become becoming due and payable three months from the drawdown date, and a balloon installment of $17,245 payable simultaneously with the 24th installment in May 2021. The DVB $31,000 Facility is secured by a first priority mortgage over the financed vessel and general and specific assignments and is guaranteed by Star Bulk Carriers Corp. In March 2016, this facility was fully repaid following the sale of the vessel *Deep Blue* (Note 20).

8. Long-term debt – (continued):

w) BNP $39,500 Facility:

On March 13, 2015, the Company entered into a committed term sheet with BNP Paribas for up to $39,500 to finance two vessels, the newbuilding vessel *Megalodon* (ex–HN5056) and the 2004-built Panamax vessel *Star Emily*. The loan agreement was executed on September 14, 2015 (the "BNP $39,500 Facility"). In early 2016, the Company entered into an agreement to sell the newbuilding vessel *Megalodon* (ex-HN5056) upon its delivery to the Company (Note 6), and the loan agreement was terminated without having been drawn.

x) DNB–SEB–CEXIM $227,500 Facility:

On March 31, 2015, the Company entered into an agreement with DNB Bank ASA as facility agent, security agent account bank and bookrunner, DNB Bank ASA and the Export-Import Bank of China (CEXIM) as mandated lead arrangers and DNB Bank ASA, Skandinaviska Enskilda Banken AB (SEB) and CEXIM as original lenders (the "DNB–SEB–CEXIM $227,500 Facility") for up to $227,500 to partially finance the construction cost of seven newbuilding vessels, *Gargantua* (ex-HN166), *Goliath* (ex–HN167), *Maharaj* (ex–HN184), HN1338 (tbn *Star Aries*), HN1339 (tbn *Star Taurus*), HN1342 (tbn *Star Gemini*) and HN198 (tbn *Star Poseidon*). The financing is available in seven separate tranches, one for each newbuilding vessel. The first tranche of $32,400 and the second and third tranche of $30,300 each were drawn, upon the delivery of the vessels *Gargantua, Goliath* and *Maharaj* in 2015. The fourth tranche of $23,400 was drawn, upon the delivery of the vessel *Star Poseidon* in February 2016 (Note 20). The tranches are repayable in 24 quarterly consecutive installments ranging between $367 and $508, with the first becoming due and payable three months from the drawdown date of each tranche and a final balloon installment for each tranche, ranging between $14,587 million and $20,198 million, payable simultaneously with the 24th installment. The DNB–SEB–CEXIM $227,500 Facility is secured by a first priority cross-collateralized mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with the lenders under this facility to amend certain covenants governing this facility until December 31, 2016.

Following the sale of the *Star Aries* and the *Star Taurus* (Note 20), the Company will not draw down on two tranches under this facility.

y) Issuance of the 8.00% 2019 Notes:

On November 6, 2014, the Company issued $50,000 aggregate principal amount of 8.00% Senior Notes due 2019 (the "2019 Notes"). The net proceeds were $48,425. The 2019 Notes mature in November 2019 and are senior, unsecured obligations of Star Bulk Carriers Corp. The 2019 Notes are not guaranteed by any of the Company's subsidiaries.

The 2019 Notes bear interest at a rate of 8.00% per year, payable quarterly in arrears on each February 15, May 15, August 15 and November 15, commencing on February 15, 2015.

The Company may redeem the 2019 Notes, in whole or in part, at any time on or after November 15, 2016 at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Prior to November 15, 2016, the Company may redeem the 2019 Notes, in whole or in part, at a price equal to 100% of their principal amount plus a make-whole premium and accrued and unpaid interest to the date of redemption. In addition, the Company may redeem the 2019 Notes in whole, but not in part, at any time, at a redemption price equal to 100% of their principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if certain events occur involving changes in taxation.

8. Long-term debt – (continued):

y) Issuance of the 8.00% 2019 Notes – (continued):

The indenture governing the 2019 Notes contains customary terms and covenants, including that upon certain events of default occurring and continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the 2019 Notes then outstanding may declare the entire principal amount of all the 2019. Notes plus accrued interest, if any, to be immediately due and payable. Upon certain change of control events, the Company is required to offer to repurchase the 2019 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of redemption. If the Company receives net cash proceeds from certain asset sales and does not apply them within a specified deadline, the Company will be required to apply those proceeds to offer to repurchase the 2019 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of redemption.

z) Credit Facility Covenants:

The Company's outstanding credit facilities generally contain customary affirmative and negative covenants, on a subsidiary level, including limitations to:

- incur additional indebtedness, including the issuance of guarantees;
- create liens on its assets;
- change the flag, class or management of its vessels or terminate or materially amend the management agreement relating to each vessel;
- sell its vessels;
- merge or consolidate with, or transfer all or substantially all its assets to, another person; or
- enter into a new line of business.

Under the DNB–SEB–CEXIM $227,500 Facility, the Company is not allowed to pay dividends until December 2017, if the Company's liquid funds are not greater than (i) $200,000 or (ii) $2,000 per fleet vessel. Under its other loan agreements, the Company is not allowed to pay dividends until December 31, 2016. In any event, the Company may not pay dividends or distributions if an event of default has occurred and is continuing or would result from such dividend or distribution.

Furthermore, the Company's credit facilities contain financial covenants requiring the Company to maintain various financial ratios, including:

- a minimum percentage of aggregate vessel value to loans secured (security cover ratio or "SCR");
- a maximum ratio of total liabilities to market value adjusted total assets;
- a minimum EBITDA to interest coverage ratio;
- a minimum liquidity; and
- a minimum equity ratio

8. Long-term debt – (continued):

As of December 31, 2014 and 2015, the Company was required to maintain minimum liquidity, not legally restricted, of $35,400 and $150,000, respectively, which is included within "Cash and cash equivalents" in the accompanying balance sheets. In addition, as of December 31, 2014 and 2015, the Company was required to maintain minimum liquidity, legally restricted, of $13,972 and $13,997, respectively, which is included within "Restricted cash" current and non-current , in the accompanying balance sheets.

As of December 31, 2015, as a result of market conditions, the market value of certain of the Company's vessels was below the minimum SCR required under certain loan agreements. A SCR shortfall does not automatically trigger the acceleration of the corresponding loans or constitute a default under the relevant loan agreements. Under these loan agreements, the Company may remedy an SCR shortfall within a period of 10 to 30 days after it receives notice from the lenders by providing additional collateral or repaying the amount of the shortfall. The Company has not received any notices from the relevant lenders that would indicate their intention to exercise their rights under the SCR provisions of the relevant loan agreements and cause acceleration of respective outstanding loan amounts. As of December 31, 2015, $14,268, which was the amount that could be made repayable under the SCR provisions by the lenders (or "SCR Shortfall Amount"), was reclassified as current portion of long term debt within current liabilities. Apart from this, as of December 31, 2014 and 2015, the Company was in compliance with the applicable financial and other covenants contained in its debt agreements, including the 2019 Notes.

The weighted average interest rate related to the Company's existing debt (including the margin) as of December 31, 2013, 2014 and 2015 was 3.34%, 3.53 % and 3.69 %, respectively. The commitment fees incurred during the years ended December 31, 2014 and 2015, with regards to the Company's unused credit facilities were $637 and $3,157, respectively.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

8. Long-term debt – (continued):

The principal payments required to be made after December 31, 2015, for all the then outstanding debt, are as follows:

Years	Amount
December 31, 2016	$ 112,873
December 31, 2017	87,826
December 31, 2018	184,886
December 31, 2019	326,573
December 31, 2020	53,620
December 31, 2021 and thereafter	145,960
Total (including 8.00% 2019 Notes)	**$ 911,738**
Excluding 8.00% 2019 Notes	50,000
Total Long term debt	**$ 861,738**

The amount of $112,873, which is payable during the next twelve months ending December 31, 2016, does not include the SCR Shortfall Amount of $14,268, which was reclassified as current portion of long term debt as described above. At December 31, 2015, 61 of the Company's 70 owned vessels, having a net carrying value of $1,559,339, were subject to first-priority mortgages as collateral to its loan facilities. In addition four of the Company's bareboat vessels, having a net carrying value of $121,010, were cross-collateral under the Company's bareboat lease agreements.

All of the Company's bank loans bear interest at LIBOR plus a margin. The amounts of "Interest and finance costs" included in the accompanying consolidated statements of operations are analyzed as follows:

	2013	2014	2015
Interest on long term debt	$ 6,786	$ 15,362	$ 35,969
Less: Interest capitalized	(633)	(7,838)	(12,079)
Reclassification adjustments of interest rate swap loss transferred to Interest and finance costs from Other comprehensive income	—	1,055	2,416
Amortization of deferred finance charges	522	681	2,732
Other bank and finance charges	139	315	623
Interest and finance costs	**$ 6,814**	**$ 9,575**	**$ 29,661**

In connection with the partial prepayment of Excel Vessel Bridge Facility, $652 of unamortized deferred finance charges were written off and included under "Loss on debt extinguishment" in the accompanying consolidated statement of operations for the year ended December 31, 2014. In addition, in connection with the prepayment of the Excel Vessel Bridge Facility, the Excel Vessel CiT Facility, the ABN AMRO $31,000 Facility and the Commerzbank 26,000 Facility, $974 of unamortized deferred finance charges were written off and included under "Loss on debt extinguishment" in the accompanying consolidated statement of operations for the year ended December 31, 2015.

9. Preferred, Common Stock and Additional paid in capital:

Preferred Stock: Star Bulk is authorized to issue up to 25,000,000 shares of preferred stock, $0.01 par value with such designations, as voting, and other rights and preferences, as determined by the Board of Directors. As of December 31, 2014 and 2015 the Company had not issued any preferred stock.

Common Stock: Star Bulk was authorized to issue 100,000,000 registered common shares, par value $0.01. On November 23, 2009, at the Company's annual meeting of shareholders, the Company's shareholders voted to approve an amendment to the Amended and Restated Articles of Incorporation increasing the number of common shares that the Company is authorized to issue from 100,000,000 registered common shares, par value $0.01 per share, to 300,000,000 registered common shares, par value $0.01 per share.

Each outstanding share of the Company's common stock entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of shares of common stock are entitled to ratably receive all dividends, if any, declared by the Company's Board of Directors out of funds legally available for dividends. Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of the Company's securities. All outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of holders of shares of common stock are subject to the rights of the holders of any shares of preferred stock which the Company may issue in the future.

9. Preferred, Common Stock and Additional paid in capital – (continued):

On July 25, 2013, pursuant to a rights offering, approved by the Company's Board of Directors in April 2013, the Company issued 15,338,861 shares of common stock, which resulted in net proceeds of $77,898 after deducting offering expenses of $2,167. The proceeds were primarily used for orders for fuel-efficient dry bulk vessels with some of the proceeds being reserved for working capital and general corporate purposes.

On October 7, 2013, the Company offered 8,050,000 common shares, in a primary underwritten public offering price of $8.80 per share less underwriters' discount. The sale of shares by the Company resulted in net proceeds of $68,124 after deducting offering expenses of $2,716. The Company used the net proceeds from this offering for the partial funding of newbuilding vessels, for vessel acquisitions, and for general corporate purposes.

As disclosed in Note 13 below, during the year ended December 31, 2013, the Company issued: (i) 239,333 common shares in connection with its 2013 Equity Incentive Plan; (ii) 12,000 common shares, which were granted to a former director of the Company; and (iii) 18,667 common shares to the former Chief Executive Officer of the Company, representing the second and the third installments of his minimum guaranteed incentive award in accordance with his consultancy agreement (Note 3).

In July 2014, the Company issued as consideration 54,104,200 common shares in the July 2014 Transactions, consisting of 48,395,766 common shares for the Merger, 3,592,728 common shares for the acquisition of the Pappas Companies and 2,115,706 common shares as partial consideration for the acquisition of the Heron Vessels (Note 1).

As disclosed in Note 3 above, 22,598 common shares were issued during the year ended December 31, 2014, as part of the consideration for the acquisition of 33% of the total outstanding common stock of Interchart.

As disclosed in Note 13 below, during the year ended December 31, 2014, the Company issued: (i) 394,167 common shares in connection with its 2014 Equity Incentive Plan; (ii) 8,000 common shares, which were granted to certain directors of the Company; (iii) 9,333 common shares to the Company's former Chief Executive Officer, representing the first installment of his minimum guaranteed incentive award in accordance with his consultancy agreement; and (iv) 168,842 the Company's former Chief Executive Officer pursuant to a termination agreement dated July 31, 2014 (Note 3).

In August 2014, the Company agreed to issue the Excel Vessel Share Consideration of 29,917,312 common shares under the terms of the Excel Transactions. As of December 31, 2015, the Company had issued all shares, out of which 25,659,425 common shares were issued in 2014 as part of the Excel Vessel Share Consideration and the remaining 4,257,887 shares were issued in 2015 (Note 1 and Note 5).

On January 14, 2015, the Company completed a primary underwritten public offering of 49,000,418 of its common shares, at a price of $5.00 per share. The aggregate proceeds to the Company, net of underwriters' commissions and offering expenses, were $242,211.

On May 18, 2015, the Company completed a primary underwritten public offering of 56,250,000 common shares, at a price of $3.20 per share. The aggregate proceeds to the Company, net of underwriters' commissions and offering expenses, were $175,586.

As disclosed in Note 3 above, 171,171 common shares were issued during the year ended December 31, 2015, as consideration for the third installment payable to Oceanbulk Maritime S.A. as commission for the shipbuilding contracts of certain of the Company's newbuilding vessels.

10. Other operational gain:

For the year ended December 31, 2013, other operational gain totaled $3,787, mainly consisting of $2,500 and $177 paid to the Company, in connection with the settlement of two commercial claims (Note 17.1 (a) and (b)) and $1,030 regarding a gain from a hull and machinery claim.

On June 28, 2013, the Company received a letter from the receivers of STX Pan Ocean Co. Ltd., or STX, terminating the charter agreement for the vessel *Star Borealis*, effective immediately. *Star Borealis* was on time charter at an average gross daily charter rate of $24.75 for the period from September 11, 2011 until July 11, 2021. On September 11, 2014, Star Bulk agreed the settlement of a claim for damages and due hire brought by its subsidiary, Star Borealis LLC ("Star Borealis") arising from the repudiation of the long-term time charter by charterer STX, which claim had been filed with the Seoul Central District Court, Korea, (the "Settled Claim"). Star Borealis negotiated, sold and assigned the rights to the Settled Claim to an unrelated third party for consideration of $8,016, which was received on October 3, 2014. The Company recorded in 2014 a gain of approximately $9,377 including the extinguishment of a $1,361 liability related to the amount of fuel and lubricants remaining on board of the vessel *Star Borealis* at the time of the charter repudiation.

In addition, other operational gain for the year ended December 31, 2014, includes $456 relating to a gain from a hull and machinery insurance claim and a gain from a protection and indemnity claim, as well as $170 relating to a rebate from the Company's previous manning agent.

For the year ended December 31, 2015, other operational gain of $592 was recognized, mainly consisting of $550 cash received from the sale of KLC shares acquired in connection with the rehabilitation plan discussed below in Note 17.1.b.

11. Other operational loss:

On September 29, 2010, the Company entered into an agreement with a third party to sell 45% of its interests in any future proceeds related to the recovery of certain of the commercial claims for consideration of $5,000 (Note 17.1. (a)). During the year ended December 31, 2012, the Company came to a legal settlement over a legal case included in the above agreement and paid the third party 45% of the proceeds from that settlement. As a result, for the year ended December 31, 2013, other operational loss totaled $1,125, representing the expense incurred by the Company to a third party in connection to the settlement of a commercial claim, based on the same agreement.

For the year ended December 31, 2014 and 2015, other operational loss totaled $94 and $0, respectively.

12. Management fees:

As of January 1, 2015, the Company engaged Ship Procurement Services S.A. ("SPS"), an unaffiliated third party company, to provide to its fleet certain procurement services at a daily fee of $0.295 per vessel. Total management fees to SPS for the year ended December 31, 2015, were $7,985 and are included in Management fees in the accompanying consolidated statement of operations. In addition, Management fees for the year ended December 31, 2015 also include $451 of fees incurred pursuant to the management agreement with Maryville discussed in Note 3.

13. Equity Incentive Plans:

On March 21, 2013, the Company's Board of Directors adopted the 2013 Equity Incentive Plan and reserved for issuance 240,000 common shares thereunder. The Plan is designed to provide certain key persons, whose initiative and efforts are deemed to be important to the successful conduct of the business of the Company with incentives to enter into and remain in the service of the Company, acquire an interest in the success of the Company, maximize their performance and enhance the long-term performance of the Company. As of December 31, 2014, all of the respective shares have been granted and vested.

On March 21, 2013, 239,333 restricted common shares were granted to certain directors, officers, employees of the Company, the respective shares were issued on September 11, 2013, and vested on March 21, 2014. Additionally, on March 21, 2013, 12,000 restricted common shares were granted to a Company's former director, the respective shares vested immediately and were issued on June 27, 2013. The fair value of each share was $6.46 and was determined by reference to the closing price of the Company's common stock on the grant date.

On February 20, 2014, the Company's Board of Directors adopted the 2014 Equity Incentive Plan (the "2014 Plan") and reserved for issuance 430,000 common shares thereunder. The terms and conditions of the 2014 Plan are substantially similar to the terms and conditions of Company's previous equity incentive plans.

13. Equity Incentive Plans – (continued):

On February 20, 2014, 394,167 restricted common shares were granted to certain directors, officers and employees of the Company, which will vest on March 20, 2015. Additionally, on February 20, 2014, 8,000 restricted common shares were granted to certain directors of the Company, which vested immediately. The fair value of each share was $10.86, based on the closing price of the Company's common shares on the grant date. The shares were issued in May 2014 along with 9,333 common shares to the Company's former Chief Executive Officer, representing the first installment of his minimum guaranteed incentive award in accordance with his consultancy agreement (Note 3).

On August 4, 2014, the Company issued an aggregate of 168,842 common shares to its former Chief Executive Officer and current Non-Executive Chairman, in accordance with the terms of an agreement to terminate his consultancy agreement, effective July 31, 2014 (Note 3). The fair value of each share was $10.71, based on the closing price of the Company's common stock on the grant date, the date of the release agreement. In addition, as a result of the termination agreement, the second and the third installments of his minimum guaranteed incentive award under his consultancy agreement of 9,333 and 9,334, which would vest on May 3, 2015 and 2016, respectively, were cancelled (Note 3).

On July 11, 2014, 15,000 common shares were granted to two of the Company's directors and vested on the same date. The Company plans to issue the respective shares in 2016. The fair value of each share was $12.03, based on the closing price of the Company's common shares on the grant date.

On April 13, 2015, the Company's Board of Directors adopted the 2015 Equity Incentive Plan and reserved for issuance 1,400,000 common shares thereunder. The terms and conditions of the 2015 Plan are substantially similar to the terms and conditions of Company's previous equity incentive plans.

In addition, on April 13, 2015, the Company granted 676,150 restricted common shares to certain directors, former directors, officers and employees, which will vest on April 13, 2016. The fair value of each restricted share was $3.55, which was determined by reference to the closing price of the Company's common shares on the grant date.

On the same date, the Board of Directors granted share purchase options of up to 521,250 common shares to certain executive officers, at an option exercise price of $5.50 per share. These options are exercisable in whole or in part between the third and the fifth anniversary of the grant date, subject to the respective individuals remaining employed by the Company at the time the options are exercised.

The fair value of all share option awards was calculated based on the modified Black-Scholes method. A description of the significant assumptions used to estimate the fair value of the share option awards is set out below:

- *Option type:* Bermudan call option
- *Grant Date:* April 13, 2015
- *Expected term:* Given the absence of expected dividend payments (discussed below), the Company expects that it is optimal for the holders of the granted options to avoid early exercise of the options. As a result, the Company assumes that the expected term of the options is their contractual term (i.e. five years from the grant date).
- *Expected volatility:* The Company used the historical volatility of the common shares to estimate the volatility of the price of the shares underlying the share option awards. The final expected volatility estimate, which is based on historical volatility for the two years preceding the grant date, was 59.274%.
- *Expected dividends:* The Company does not currently pay any dividends to its shareholders, and the Company's loan agreements contain restrictions and limitations on dividend payments. Based on the foregoing, the outstanding newbuilding orderbook of the Company and the market conditions prevailing currently in the dry bulk industry, the Company's management determined that for purposes of this calculation the Company is not expected to pay dividends before the expiration of the share options.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

13. Equity Incentive Plans – (continued):

- *Dilution adjustment:* Compared to the number of common shares outstanding, the Company's management considers the overall number of shares covered by the options as immaterial, and no dilution adjustment was incorporated in the valuation model.

- *Risk-free rate:* The Company has elected to employ the risk-free yield-to-maturity rate to match the expected term of the options (which as explained above is expected to be five years from the grant date). As of the grant date, the yield-to-maturity rate of five-year U.S. Government bonds was approximately 1.3%.

All non-vested shares and options vest according to the terms and conditions of the applicable award agreements. The grantee does not have the right to vote the non-vested shares or exercise any right as a shareholder of the non-vested shares, although the issued and non-vested shares pay dividends as declared. The dividends with respect to these shares are forfeitable. Share options have no voting or other shareholder rights. For the years ended December 31, 2013, 2014 and 2015, the Company paid no dividends on non-vested shares.

The Company expects that there will be no forfeitures of non-vested shares or options. The shares which are issued in accordance with the terms of the Company's equity incentive plans or awards remain restricted until they vest. For the years ended December 31, 2013, 2014 and 2015, the stock based compensation cost was $1,488, $5,834 and $2,684, respectively, and is included under "General and administrative expenses" in the accompanying consolidated statement of operations.

A summary of the status of the Company's non-vested restricted shares as of December 31, 2013, 2014 and 2015, and the movement during these years is presented below.

	Number of shares		Weighted Average Grant Date Fair Value
Unvested as at January 1, 2013	18,667	$	36.75
Granted	279,333		6.43
Vested	(21,333)		19.71
Unvested as at December 31, 2013	276,667	$	7.46
Unvested as at January 1, 2014	276,667	$	7.46
Granted	586,009		10.85
Vested	(449,842)		8.94
Cancelation of shares due to termination agreement with former CEO	(18,667)		6.20
Unvested as at December 31, 2014	394,167	$	10.86
Unvested as at January 1, 2015	394,167	$	10.86
Granted	676,150		3.55
Vested	(394,167)		10.86
Unvested as at December 31, 2015	676,150	$	3.55

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

13. Equity Incentive Plans – (continued):

A summary of the status of the Company's non-vested share options as of December 31, 2015, and the movement during the year, since granted, is presented below

	Shares	Weighted average exercise price	Weighted Average Grant Date Fair Value
Options			
Outstanding at January 1, 2015	—	$ —	$ —
Granted	521,250	5.5	1.4121
Outstanding as of December 31, 2015	**521,250**	**$ 5.5**	**$ 1.4121**

The estimated compensation cost relating to non-vested share option and restricted share awards not yet recognized was $630 and $680, respectively, as of December 31, 2015 and is expected to be recognized over the weighted average period of 4.29 years and 0.28 years, respectively. The total fair value of shares vested during the years ended December 31, 2013, 2014 and 2015 was $136, $5,773 and $1,301, respectively.

14. Earnings / (Loss) per share:

All shares issued (including the restricted shares issued under the Company's equity incentive plan) are the Company's common stock and have equal rights to vote and participate in dividends. The restricted shares issued under the Company's equity incentive plans are subject to forfeiture provisions set forth in the applicable award agreement. The calculation of basic earnings per share does not consider the non-vested shares as outstanding until the time-based vesting restriction has lapsed. For the years ended December 31, 2014 and 2015, during which the Company incurred losses, the effect of 394,167 and 676,150 non-vested shares, respectively, as well as the effect of 521,250 non vested share options as of December 31, 2015, would be anti-dilutive, and "Basic loss per share" equals "Diluted loss per share". The weighted average diluted common shares outstanding for the year ended December 31, 2013 included the effect of 65,045 incremental shares assumed to be issued under the treasury stock method, excluding 3,404 incremental shares due to their anti-dilutive effect.

The Company calculates basic and diluted losses per share as follows:

	2013	2014	2015
Income / (Loss):			
Net income / (loss)	$ 1,850	$ (11,723)	$ (458,177)
Basic earnings / (loss) per share:			
Weighted average common shares outstanding, basic	14,051,344	58,441,193	195,623,363
Basic earnings / (loss) per share	**$ 0.13**	**$ (0.20)**	**$ (2.34)**
Effect of dilutive securities:			
Dillutive effect of non vested shares	65,045	—	—
Weighted average common shares outstanding, diluted	14,116,389	58,441,193	195,623,363
Diluted earnings / (loss) per share	**$ 0.13**	**$ (0.20)**	**$ (2.34)**

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

15. Accrued liabilities

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

		2014		2015
Audit fees	$	432	$	386
Legal fees		1,149		449
Other professional fees		350		26
Vessel Operating and voyage expenses		8,477		9,555
Loan interest and financing fees		3,330		4,357
Total Accrued Liabilities	**$**	**13,738**	**$**	**14,773**

16. Income taxes:

a) Taxation on Marshall Islands Registered Companies

Under the laws of the countries of the shipowning companies' incorporation and/or vessels' registration, the shipowning companies are not subject to tax on international shipping income. However, they are subject to registration and tonnage taxes, which have been included under "Vessel operating expenses" in the accompanying statements of operations. In addition, effective as of January 1, 2013, each foreign flagged vessel managed in Greece by Greek or foreign ship management companies is subject to Greek tonnage tax, under the laws of the Hellenic Republic. The technical managers of the Company's vessels, which are established in Greece under Greek Law 89/67, are responsible for the filing and payment of the respective tonnage tax on behalf the Company. These tonnage taxes for 2013, 2014 and 2015 amounted to $668, $1,260 and $3,302 respectively, and have also been included under "Vessel operating expenses" in the accompanying statements of operations. Furthermore, the New Tonnage Tax System ("TTS") for Cypriot merchant shipping applicable from fiscal year 2010. Under the new TTS, qualifying ship managers who opted and are accepted to be taxed under the TTS are subject to an annual tax referred to as tonnage tax, which is calculated on the basis of the net tonnage of the qualifying ships they manage. The technical managers of the Company's vessels, which are established and operate in Cyprus, are responsible for the filing and payment of the respective tonnage tax. This tonnage tax for 2015 amounted to $11, and has also been included under "Vessel operating expenses" in the accompanying statements of operations.

b) Taxation on US Source Income – Shipping Income

The Company believes that it and its subsidiaries are exempt from U.S. federal income tax at 4% on U.S. source shipping income for the taxable years 2012, 2013, 2014, and 2015, as each vessel-operating subsidiary is organized in a foreign country that grants an equivalent exemption to corporations organized in the United States and the Company's stock is primarily and regularly traded on an established securities market in the United States, as defined by the Internal Revenue Code (IRC) of the United States. Under IRS regulations, a Company's stock will be considered to be regularly traded on an established securities market if (i) one or more classes of its stock representing 50% or more of its outstanding shares, by voting power of all classes of stock of the corporation entitled to vote and of the total value of the stock of the corporation, are listed on the market and (ii) (A) such class of stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one sixth of the days in a short taxable year; and (B) the aggregate number of shares of such class of stock traded on such market during the taxable year must be at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. Notwithstanding the foregoing, the treasury regulations provide, in pertinent part, that a class of the Company's stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of the Company's outstanding stock, ("5% Override Rule").

c) Taxation on Maltese Registered Company

In addition to the tax consequences discussed above, the Company may be subject to tax in one or more other jurisdictions, including Malta, where the Company conducts activities. The amount of any such tax imposed upon the Company's operations for year 2015 in Malta will be immaterial.

17. Commitments and Contingencies:

1) Legal proceedings

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. The Company's vessels are covered for pollution in the amount of $1 billion per vessel per incident, by the Protection and Indemnity (P&I) Association in which the Company's vessels are entered. The Company's vessels are subject to calls payable to their P&I Association and may be subject to supplemental calls which are based on estimates of premium income and anticipated and paid claims. Such estimates are adjusted each year by the Board of Directors of the P&I Association until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. Supplemental calls, if any, are expensed when they are announced and according to the period they relate to. The Company is not aware of any supplemental calls in respect of any policy years other than those that have already been recorded in its consolidated financial statements.

a. In 2010, the Company commenced arbitration proceedings against Ishhar Overseas FZE of Dubai ("Ishhar") for repudiatory breach of the charter parties due to the nonpayment of charter hires related to *Star Epsilon* and *Star Kappa*. The Company sought damages for repudiations of the charter parties due to early redelivery of the vessels as well as unpaid hire of $1,949. The Company pursued an interim award for such nonpayment of charter hire and an award for the loss of charter hire for the remaining period under the charter. Claim submissions were filed. As of December 31, 2011, the Company determined that the above amount was not recoverable and recognized a provision for doubtful receivables of $1,949.

   Subsequently, a conditional settlement agreement was signed on September 5, 2012, under which the Company agreed to receive a cash payment of $5,000 in seventeen monthly installments. The first installment of $500 was received upon the execution of the settlement agreement and the next sixteen monthly installments, varying between $250 and $500, were received on the last day of each month beginning from September 30, 2012 and ending on December 31, 2013.

   During the year ended December 31, 2013, the Company received $2,500, under the settlement agreement, which is included under "Other operational gain" in the accompanying consolidated statement of operations for the year ended December 31, 2013 (Note 10).

b. In February 2011, Korea Line Corporation ("KLC"), charterer at the time of the vessels *Star Gamma* and *Star Cosmo,* commenced rehabilitation proceedings in Seoul, Korea. Under the rehabilitation plan approved by KLC's creditors on October 14, 2011, the Company was entitled to receive $6,839, of which 37% is to be paid in cash over a period of ten years and the remaining 63% would be converted into KLC's shares at a rate of one common share of KLC with par value of KRW 5,000 for each KRW 100,000 of claim. Based on the terms of the rehabilitation plan, the shares of KLC were restricted from trading for six months. In addition, the Company entered into a direct agreement with KLC and received $172 in October 2011 and $172 in January 2013, as part of the due hire for *Star Gamma*. Finally, the Company entered into two tripartite agreements with KLC and the sub-charterers of the vessels *Star Gamma* and *Star Cosmo*, under which the Company received $86 from the *Star Gamma* sub-charter in December 2011 and $121 in March 2012 from the *Star Cosmo* sub-charterer. As of December 31, 2011, the Company determined that $498 of receivables were not recoverable due to the long term time period of KLC's rehabilitation plan and the uncertainty surrounding the continuation of KLC's operations and recognized a corresponding provision.

17. Commitments and Contingencies – (continued):

1) <u>Legal proceedings – (continued):</u>

On November 19, 2012, the Company received 11,502 shares (46,007 shares before split) of KLC as part of the rehabilitation plan described above for the vessel *Star Gamma*, which shares were sold the same date. The cash proceeds from the sale of the respective shares were $144. In December 2012, the Company also received $12 and $1 in cash, for *Star Gamma* and *Star Cosmo,* respectively, pursuant to the terms of the rehabilitation plan. In October 2013, the Company received $167 and $10 for *Star Gamma* and *Star Cosmo,* respectively, pursuant to the terms of the rehabilitation plan, and the total amount of $177 is included under "Other operational gain" in the consolidated statements of operations for the year ended December 31, 2013 (Note 10). These amounts have been received as early payment of the cash component of the rehabilitation plan. The next tranche of 718 shares for the vessel *Star Cosmo* was released from lock up on June 4, 2013 and along with the 24,196 and 983 shares issued in November 2013, pursuant to the terms of the rehabilitation plan for *Star Gamma* and *Star Cosmo*, respectively, all of the KLC shares had been sold by December 31, 2015 and an amount of $592 was included in "Other operational gain" in the accompanying statement of operations for the year ended December 31, 2015 (Note 10).

c. On July 13, 2011, *Star Cosmo* was retained by the port authority in the Spanish port of Almeria and was released on July 16, 2011. According to the port authority, the vessel allegedly discharged oily water while sailing in Spanish waters in May 2011, more than two months before being retained, and related records were allegedly deficient. Administrative investigation commenced locally. The Company posted a cash collateral of €340,000 (approx. $371, using the exchange rate as of December 31, 2015, eur/usd 1.09) to guarantee the payment of fines that may be assessed in the future, and the vessel was released. The cash collateral of €340,000 was released to the Company in March 2012, after being replaced by a P&I Letter of undertaking. The fines were previously reduced by the Spanish administrative authorities to €260,000 (approx. $283, using the exchange rate as of December 31, 2015, eur/usd 1.09). Except for an amount of €60,000 (approx. $65, using the exchange rate as of December 31, 2015, eur/usd 1.09), which was irrevocably adjudicated in March 2015, the remaining amount of this fine remains subject to adjudication. Up to $1 billion of the liabilities associated with the individual vessel's actions, mainly for sea pollution, are covered by the P&I Club Insurance. The Company has not accrued any amount for this case.

d. In March 2013, the Company commenced arbitration proceedings against Hanjin HHIC-Phil Inc., the shipyard that constructed the *Star Polaris*, relating to an engine failure the vessel experienced in Korea. This resulted in 142 off-hire days and the loss of $2,343 in revenues. The Company pursued the compensation for the cost of the repairs and the loss of revenues and following the arbitration hearing in July 2015, the arbitral tribunal issued its partial final award (the "Award"), which found the yard liable for certain aspects of the claim but did not quantify the Award. The Company sought permission to appeal the Award before the High Court of United Kingdom, which procedure is pending. If the permission to appeal is denied, a further hearing will take place before the same arbitral tribunal to quantify the damages for which the yard is liable.

e. On June 28, 2013, the Company received a letter from the receivers of STX Pan Ocean Co. Ltd., or STX, terminating the charter agreement for the vessel *Star Borealis*. *Star Borealis* was on time charter at an average gross daily charter rate of $24.75 for the period from September 11, 2011 until July 11, 2021. On September 11, 2014, Star Bulk agreed the settlement of a claim for damages and due hire brought by its subsidiary, Star Borealis LLC arising from the purported repudiation of the *Star Borealis* charter agreement by charterer STX (the "Settled Claim"). Star Borealis LLC negotiated, sold and assigned the rights to the Settled Claim to an unrelated third party for $8,016, which was received on October 3, 2014. The Company recorded in 2014 a gain of approximately $9,377 including the extinguishment of a $1,361 liability related to the amount of fuel and lubricants remaining on board of *Star Borealis* at the time of the charter repudiation.

f. On October 23, 2014, a purported shareholder (the "Plaintiff") of the Company filed a derivative and putative class action lawsuit in New York state court against the Company's Chief Executive Officer, members of its Board of Directors and several of its shareholders and related entities. The Company has been named as a nominal defendant in the lawsuit. The lawsuit alleges that the acquisition of Oceanbulk and purchase of several Excel Vessels were the result of self-dealing by various defendants and that the Company entered into the respective transactions on unfair terms. The lawsuit further alleges that, as a result of these transactions, several defendants' interests in the Company have increased and that the Plaintiff's interest in the Company has been diluted. The lawsuit also alleges that the Company's management has engaged in other conduct that has resulted in corporate waste. The lawsuit seeks cancellation of all shares issued to the defendants in connection with the acquisition of Oceanbulk, unspecified monetary damages, the replacement of some or all members of the Company's Board of Directors and its Chief Executive Officer, and other relief. The Company believes the claims are completely without merit, denies them and intends to vigorously defend against them in court. On November 24, 2014, the Company and the other defendants removed the action to the United States District Court for the Southern District of New York. On March 4, 2015, the Company and the other defendants moved to dismiss the complaint. On February 18, 2016, the court granted the Company's motion to dismiss in full and dismissed the matter. On February 24, 2016, Plaintiff filed a notice of appeal. The appeal is pending.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

17. Commitments and Contingencies – (continued):

2) Other contingencies:

Contingencies relating to Heron

Following the completion of the Merger, Oceanbulk Shipping became a wholly owned subsidiary of the Company. As further discussed in Note 1, Oceanbulk Shipping owned the Heron Convertible Loan, which was convertible into 50% of Heron's equity. After the conversion of the loan, on November 5, 2014 (Note 1), Heron is a 50-50 joint venture between Oceanbulk Shipping and ABY Group Holding Limited, and Oceanbulk Shipping shares joint control over Heron with ABY Group Holding Limited. Based on the applicable related agreements, neither party will entirely control Heron. In addition, any operational and other decisions with respect to Heron will need to be jointly agreed between Oceanbulk Shipping and ABY Group Holding Limited. As of December 31, 2015, all vessels previously owned by Heron have been either sold or distributed to its equity holders. While Oceanbulk Shipping and ABY Group Holding Limited intend that Heron eventually will be dissolved shortly after receiving permission from local authorities, until that occurs, contingencies to the Company may arise. However, the pre-transaction investors in Heron will effectively remain as ultimate beneficial owners of Heron, until Heron is dissolved on the basis that, according to the Merger Agreement, any cash received from the final liquidation of Heron will be transferred to the Sellers. As of December 31, 2014 and 2015, the Company had an outstanding payable of $1,689 and $50 to the Sellers, respectively, which is included under "Due to related parties" in the accompanying balance sheets.

3) Lease commitments:

The following table sets forth inflows or outflows, related to the Company's leases, as at December 31, 2015.

	Twelve month periods ending December 31,						
+ inflows/ - outflows	**Total**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021 and thereafter**
Future, minimum, non-cancellable charter revenue (1)	$ 34,784	$ 33,695	$ 1,089	$ —	$ —	$ —	$ —
Future, minimum, non-cancellable lease payment under vessel operating leases (2)	(5,949)	(3,605)	(2,344)	—	—	—	—
Office rent	(1,687)	(256)	(256)	(255)	(252)	(247)	(421)
Bareboat capital leases - upfront hire & handling fees (3)	(7,477)	(6,469)	(672)	(336)	—	—	—
Bareboat commitments charter hire (4)	(282,474)	(7,126)	(16,951)	(21,388)	(21,291)	(21,774)	(193,944)
Total	**$(262,803)**	**$ 16,239**	**$(19,134)**	**$(21,979)**	**$(21,543)**	**$(22,021)**	**$(194,365)**

(1) The amounts represent the minimum contractual charter revenues to be generated from the existing, as of December 31, 2015, non-cancellable time and freight charter until their expiration, net of address commission, assuming no off-hire days other than those related to scheduled interim and special surveys of the vessels.

(2) The amounts represent the Company's commitments under the operating lease arrangement for Maiden Voyage disclosed in Note 5.

(3) The amounts represent the Company's commitments under the bareboat lease arrangements representing the upfront hire fee and handling fees for those vessels being, as of December 31, 2015, under construction.

(4) The amounts represent the Company's commitments under the bareboat lease arrangements representing the charter hire for those vessels being, as of December 31, 2015, under construction discussed in Note 6, as well as those commitments under bareboat lease agreements discussed in Note 5. The bareboat charter hire is comprised of fixed and variable portion, the variable portion is calculated based on the 6-month LIBOR of 0.846%, as of December 31, 2015 (please refer to Note 6).

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

18. Voyage and Vessel operating expenses:

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	2013	2014	2015
Voyage expenses			
Port charges	$ 1,455	$ 5,132	$ 17,619
Bunkers	4,338	33,146	48,535
Commissions – third parties	867	1,902	2,915
Commissions – related parties (Note 3)	773	1,997	3,350
Miscellaneous	116	164	458
Total voyage expenses	**$ 7,549**	**$ 42,341**	**$ 72,877**
Vessel operating expenses			
Crew wages and related costs	$ 14,355	$ 29,449	$ 65,402
Insurances	2,968	4,561	8,026
Maintenance, repairs, spares and stores	5,772	9,415	18,577
Lubricants	2,339	3,901	8,187
Tonnage taxes	797	1,360	3,717
Upgrading expenses	205	3,167	6,205
Miscellaneous	651	1,243	2,682
Total vessel operating expenses	**$ 27,087**	**$ 53,096**	**$ 112,796**

19. Fair value measurements:

The guidance for fair value measurements applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The same guidance requires that assets and liabilities carried at fair value should be classified and disclosed in one of the following three categories based on the inputs used to determine its fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;

Level 3: Unobservable inputs that are not corroborated by market data.

In addition, ASC 815, "*Derivatives and Hedging*" requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position.

19. Fair value measurements – (continued):

Fair value on a recurring basis:

Interest rate swaps:

The Company enters into interest rate derivative contracts to manage interest costs and risk associated with changing interest rates with respect to its variable interest loans and credit facilities.

In June 2013, the Company entered into two interest rate swap agreements with Credit Agricole Corporate and Investment Bank (the "Credit Agricole Swaps") to fix forward its floating interest rate liabilities under the two tranches of the Credit Agricole $70,000 Facility (Note 8c). The Credit Agricole Swaps were based on an amortizing notional amount beginning from $26,840 and $28,628, for the *Star Borealis* and *Star Polaris* tranches, respectively, of the Credit Agricole $70,000 Facility. The Credit Agricole Swaps were effective by November and August 2014, respectively, and mature in August and November 2018. Under the terms of the Credit Agricole Swaps, the Company pays on a quarterly basis a fixed rate of 1.705% and 1.720% per annum, respectively, while receiving a variable amount equal to the three month LIBOR, both applied on the notional amount of the swaps outstanding at each settlement date. As of December 31, 2015, the notional amount of these swaps was $24,898 and $26,130, for the vessel *Star Borealis* and the vessel *Star Polaris*, respectively.

In addition, on April 28, 2014, the Company entered into two interest rate swap agreements (the "HSH Swaps") to fix forward 50% of its floating interest rate liabilities for the HSH Nordbank $35,000 Facility (Note 8f). The HSH Swaps came into effect in September 2014 and mature in September 2018. Under the terms of the HSH Swaps, the Company is paying on a quarterly basis a fixed rate of 1.765% per annum, while receiving a variable amount equal to the three month LIBOR, both applied on the notional amount of the swaps outstanding at each settlement date. As of December 31, 2015, the notional amount of these swaps was $15,385.

Up to August 31, 2014, because the Credit Agricole Swaps and the HSH Swaps were not designated as accounting hedges, changes in their fair value at each reporting period up to that date, were reported in earnings as a loss under "Gain/ (Loss) on derivative financial instruments, net". On August 31, 2014 the Company designated the Credit Agricole Swaps and the HSH Swaps as cash flow hedges in accordance with ASC 815, "*Derivatives and Hedging*". Since that date, the effective portion of these cash flow hedges is reported in "Accumulated other comprehensive income / (loss)" while the ineffective portion of these cash flow hedges is reported under "Gain / (Loss) on derivative financial instruments, net".

As part of the Merger, the Company acquired five swap agreements that Oceanbulk Shipping had entered during the third quarter of 2013 with Goldman Sachs Bank USA (the "Goldman Sachs Swaps"). The Goldman Sachs Swaps were effective by October 2014 and mature in April 2018. Under their terms, Oceanbulk Shipping makes quarterly payments to the counterparty at fixed rates ranging between 1.79% to 2.07% per annum, based on an aggregate notional amount beginning at $186,307 on July 1, 2015, and increasing up to $461,264 on October 1, 2015. The counterparty makes quarterly floating rate payments at three-month LIBOR to the Company based on the same notional amount. Upon the completion of the Merger, on July 11, 2014, the Company re-designated the Goldman Sachs Swaps as cash flow hedges in accordance with ASC 815. Accordingly, the effective portion of these cash flow hedges, from that date and until March 31, 2015 (see below), was reported in "Accumulated other comprehensive income / (loss)", while the ineffective portion of these cash flow hedges was reported as gain under "Gain /(Loss) on derivative financial instruments, net", in the statement of operations for the relevant period. As of December 31, 2015 the notional amount of these swaps was $451,426.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

19. Fair value measurements – (continued):

Fair value on a recurring basis – (continued):

Interest rate swaps:

Due to (i) changes in the timing of delivery of some of the Company's newbuilding vessels and, by extension, the timing of some of the forecasted transactions, (ii) changes in LIBOR curves, and (iii) the sale of some of the Company's vessels in 2015 whose loans had been designated as hedged items, the Company determined that the "highly effective" criterion of the hedging effectiveness test for the Goldman Sachs Swaps was not satisfied for the quarter ended June 30, 2015. Consequently, the hedging relationship related to the Goldman Sachs Swaps no longer qualified for special hedge accounting, and as of April 1, 2015, the Company de-designated the cash flow hedge related to the Goldman Sachs Swaps. As a result, changes in the fair value of these swaps since the date of de-designation, April 1, 2015, were reported in earnings under "Gain / (Loss) on derivative financial instruments, net". The amount already reported up to March 31, 2015 in "Accumulated other comprehensive income / (loss)" with respect to the corresponding swaps will be reclassified to earnings when the hedged forecasted transaction impacts the Company's earnings (i.e., when the hedged loan interest is incurred), except for $1,793 related to loans of sold or expected to be sold vessels that were reclassified to earnings in the year ended December 31, 2015, since the forecasted transaction attributable to these vessels was no longer expected to occur. The unamortized balance of "Accumulated other comprehensive income / (loss)" with respect to the corresponding swaps as of December 31, 2015 was $1,261.

The amount recognized in Other Comprehensive Income / (Loss) is derived from the effective portion of unrealized losses from cash flow hedges.

The amounts of Gain/ (Loss) on derivative financial instruments recognized in the accompanying consolidated statements of operations are analyzed as follows:

Consolidated Statement of Operations

	2013	2014	2015
Gain/(loss) on derivative instruments, net			
Unrealized gains/(losses) from the Credit Agricole Swaps and the HSH Swaps before hedging designation (August 31, 2014)	$ 91	$ (799)	$ —
Unrealized gains/(losses) from the Goldman Sachs Swaps after de-designation of accounting hedging relationship (April 1, 2015)	—	—	3,443
Realized gains/(losses) from the Goldman Sachs Swaps after de-designation of accounting hedging relationship (April 1, 2015)	—	—	(4,918)
Write-off of unrealized losses related to forecasted transactions which are no longer considered probable reclassified from other comprehensive income/(loss)	—	—	(1,793)
Ineffective portion of cash flow hedges	—	—	—
Total Gains/(Losses) on derivative instruments, net	**$ 91**	**$ (799)**	**$ (3,268)**
Interest and finance costs			
Reclassification adjustments of interest rate swap loss transferred to Interest and finance costs from Other comprehensive income/(loss)	—	(1,055)	(2,416)
Total Gains/(Losses) recognized	**$ 91**	**$ (1,854)**	**$ (5,684)**

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

19. Fair value measurements – (continued):

An amount of approximately ($578) is expected to be reclassified into earnings during the following 12-month period when realized.

In relation to the above interest rate swap agreements designated as cash flow hedges and in accordance with ASC 815 "*Derivatives and Hedging - Timing and Probability of the Hedged Forecasted Transaction*," the management of the Company considered the creditworthiness of its counterparties and the expectations of the forecasted transactions and determined that no events have occurred that would make the forecasted transaction not probable.

The following table summarizes the valuation of the Company's financial instruments as of December 31, 2014 and 2015, based on Level 2 observable inputs of the fair value hierarchy such as interest rate curves.

	Significant Other Observable Inputs (Level 2)			
	2014		2015	
	(not designated as cash flow hedges)	(designated as cash flow hedges)	(not designated as cash flow hedges)	(designated as cash flow hedges)
ASSETS				
Interest rate swaps - asset position	$ —	—	$ —	—
Total	$ —	—	$ —	—
LIABILITIES				
Interest rate swaps - liability position (current and non-current)	$ —	7,732	$ 7,642	807
Total	**$ —**	**7,732**	**$ 7,642**	**807**

The carrying values of temporary cash investments, restricted cash, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. The fair value of long-term bank loans, bearing interest at variable interest rates, approximates their recorded values as of December 31, 2015.

The 8.00% 2019 Notes have a fixed rate, and their estimated fair value as of December 31, 2015, determined through Level 1 inputs of the fair value hierarchy (quoted price on NASDAQ under the ticker symbol SBLKL), is approximately $24,000 .

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

19. Fair value measurements – (continued):

Fair value on a nonrecurring basis

As a result of the decline in charter rates and vessel values during the previous years and because market expectations for future rates were low and vessel values were unlikely to increase to the high levels of 2008, the Company reviewed, in 2013, 2014 and 2015 the recoverability of the carrying amount of its vessels. The impairment analysis for the year ended December 31, 2013 and 2014, indicated that the carrying amount of the Company's vessels was recoverable, and therefore, the Company concluded that no impairment charge was necessary. As further discussed in Note 5, the Company recognized an impairment loss of $321,978 for the year ended December 31, 2015, of which:

(i) $17,815 relates to sold operating vessels that had been delivered to their purchasers as of December 31, 2015 or bareboat vessels that were reassigned to their owners during the year. The carrying value of these vessels was written down to the fair value as determined by reference to their agreed sale (or reassignment) prices less costs of sale.

(ii) $201,585 relates to sold operating vessels and newbuildings in 2015 or in early 2016 that had not been delivered to their purchasers as of December 31, 2015. The carrying value of these vessels was written down to the fair value as determined by reference to their agreed sale prices less costs of sale.

(iii) $102,578 relates to certain other operating vessels and newbuildings. Pursuant to its impairment analysis for the year ended December 31, 2015, the Company estimated that these operating vessels and newbuildings would have future undiscounted projected operating cash flows to be earned over their operating life less than their carrying value. In estimating the projected cash flows for these vessels, the Company took into consideration the possibility of their sale, to the extent that attractive sale prices are attainable. The carrying value of these vessels was written down to the fair value as determined by reference to the vessel valuations of independent shipbrokers (as of mid to late December 2015).

The following table summarizes the valuation of these assets described under (ii) and (iii) above, measured at fair value on a non-recurring basis as of December 31, 2015.

Fair Value Measurements Using

Long-lived assets held and used	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Impairment loss**
Vessels, net	$ —	$ 259,775	$ —	$ 145,631
Advances for vessels under construction	—	36,152	—	158,532
TOTAL	**$ —**	**$ 295,927**	**$ —**	**$ 304,163**

In addition, please refer to Note 1 for the fair value of assets acquired and liabilities assumed by the Company at the Merger and the Pappas Transaction on July 11, 2014, which was the acquisition date.

20. Subsequent Events:

a) **Sale of Vessels:** In 2015, as further discussed in Note 5, the Company entered into various separate agreements with third parties to sell certain of the Company's operating vessels (*Indomitable*, *Magnum Opus*, *Tsu Ebisu* and *Deep Blue*). In addition, in 2015, as further discussed in Note 6, the Company entered into various separate agreements with third parties to sell upon their delivery from the shipyards the newbuilding vessels *Behemoth*, *Bruno Marks*, *Jenmark*, *Star Aries* and *Star Taurus*. In early 2016, the Company entered into various separate agreements with third parties to sell the operating vessel *Obelix* and the newbuilding vessel *Megalodon* (ex-HN 5056) upon its delivery from the shipyard. The net book value of these operating and newbuilding vessels as of December 31, 2015, was $176,336. The delivery dates of these vessels are discussed below:

Operating Vessels:

i. On February 3, 2016, the vessel *Tsu Ebisu* was delivered to its new owners.

ii. On March 2, 2016, the vessel *Magnum Opus* was delivered to its new owners.

In connection with the sale of *Tsu Ebisu* and *Magnum Opus*, the Company repaid $17,550 and $18,000, respectively, under their corresponding facilities as discussed in Note 8.

iii. On March 18, 2016, the vessel Deep Blue was delivered to its new owners, and the DVB $31,000 Facility was fully repaid.

Newbuildings:

i. On January 7, 2016, the Company took delivery of and delivered to its new owners *Behemoth* (ex-HN 5055), a 182,000 dwt Capesize bulk carrier built by JMU.

ii. On January 11, 2016, the Company took delivery of *Bruno Marks* (ex-HN 1312), a 182,000 dwt Capesize bulk carrier built by SWS. On January 15, 2016, *Bruno Marks* was delivered to its new owners.

iii. On January 26, 2016, the Company took delivery of and delivered to its new owners *Megalodon* (ex-HN 5056), a 182,000 dwt Capesize bulk carrier built by JMU.

iv. On February 29, 2016, the Company took delivery of and delivered to its new owners *Star Aries* (ex-HN 1338), a 180,000 dwt Capesize bulk carrier built by SWS.

b) **Delivery of newbuilding vessels:**

i. On January 6, 2016, the Company took delivery of *Star Lutas* (ex-HN NE 197), a 61,000 dwt Ultramax bulk carrier built by Nantong COSCO KHI-Ship Engineering Co. ("NACKS").

ii. On January 8, 2016, the Company took delivery of *Kennadi* (ex-HN 1080), a 64,000 dwt Ultramax bulk carrier built by New Yangzijiang.

iii. On February 26, 2016, the Company took delivery of *Star Poseidon* (ex-HN NE 198), a 209,000 dwt Newcastlemax bulk carrier built by NACKS.

iv. On March 2, 2016, the Company took delivery of *Mackenzie* (ex-HN 1081), a 64,000 dwt Ultramax bulk carrier built by New Yangzijiang.

v. On March 11, 2016 the Company took delivery of *Star Marisa* (ex-HN 1359), a 208,000 dwt Newcastlemax bulk carrier built by SWS.

c) **Pool Agreement:** In January 2016, the Company entered into a Capesize vessel pooling agreement ("CCL") with BOCIMAR INTERNATIONAL NV, GOLDEN OCEAN GROUP LIMITED and C TRANSPORT HOLDING LTD. The Company agreed to market nine of its Capesize dry bulk vessels, which had previously been operating in the spot market, as part of one combined CCL fleet. Together with the Company's nine vessels, the CCL fleet will initially consist of 65 modern Capesize vessels and will be managed out of Singapore and Antwerp. Each vessel owner will continue to be responsible for the operating, accounting and technical management of its respective vessels. The Company expects to achieve improved scheduling ability through the joint marketing opportunity that CCL represents for its Capesize vessels, with the overall aim of enhancing economic efficiencies.

d) **Shipbuilding contract terminations:** In February 2016, the Company agreed in principle with certain shipyards to terminate two shipbuilding contacts. The Company will have no future capital expenditure obligations on these vessels once definitive documentation is executed.

e) **Commerzbank $120,000 Facility - Refinancing Amendment:** In early 2016, the Company agreed in principle with Commerzbank to a refinancing amendment of the Commerzbank $120,000 Facility. Pursuant to this refinancing amendment, the Company agreed to (a) amend certain covenants governing this facility, (b) change the amortization schedule for this facility, and (c) extend the repayment date for the facility from October 2016 to October 2018. The Company expect that the documentation for this refinancing amendment will be finalized and executed in April 2016.

f) **Resignation of Director:** On March 14, 2016, Ms. Renée Kemp stepped down from the Company's Board of Directors.

STAR BULK CARRIERS CORP.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Star Bulk Carriers Corp.

We have audited the accompanying consolidated balance sheets of Star Bulk Carriers Corp. (the “Company”) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2016. 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Star Bulk Carriers Corp. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Star Bulk Carriers Corp.’s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 20, 2017 expressed an unqualified opinion thereon.

Ernst & Young (Hellas) Certified Auditors - Accountants S.A.
Athens, Greece
March 21, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Star Bulk Carriers Corp.

We have audited Star Bulk Carriers Corp. 's internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Star Bulk Carriers Corp.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Star Bulk Carriers Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Star Bulk Carriers Corp. as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2016 of Star Bulk Carriers Corp. and our report dated March 20, 2017 expressed an unqualified opinion thereon.

Ernst & Young (Hellas) Certified Auditors - Accountants S.A.
Athens, Greece
March 21, 2017

STAR BULK CARRIERS CORP.
Consolidated Balance Sheets
As of December 31, 2015 and 2016
(Expressed in thousands of U.S. dollars except for share and per share data)

	2015	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 208,056	$ 181,758
Restricted cash, current (Note 8)	3,769	5,121
Trade accounts receivable, net	10,889	12,572
Inventories (Note 4)	14,247	14,534
Due from managers	-	1,430
Due from related parties (Note 3)	1,209	922
Prepaid expenses and other receivables	8,604	5,641
Derivative asset, current (Note 18)	-	41
Other current assets	5,284	6,447
Total Current Assets	252,058	228,466
FIXED ASSETS		
Advances for vessels under construction and acquisition of vessels (Note 6)	127,910	64,570
Vessels and other fixed assets, net (Note 5)	1,757,552	1,707,209
Total Fixed Assets	1,885,462	1,771,779
OTHER NON-CURRENT ASSETS		
Long-term investment (Note 3)	844	970
Restricted cash, non-current (Note 8)	10,228	8,883
Fair value of above market acquired time charter (Note 7)	254	-
Other non-current assets (Note 6)	-	1,604
TOTAL ASSETS	**$ 2,148,846**	**$ 2,011,702**
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long term debt (Note 8)	$ 127,141	$ -
Lease commitments short term (Note 5 & Note 8)	4,490	6,235
Accounts payable	9,436	5,200
Due to related parties (Note 3)	422	356
Due to managers	2,291	-
Accrued liabilities (Note 14)	14,773	11,719
Derivative liability, current (Note 18)	5,931	2,549
Deferred revenue	2,465	2,060
Total Current Liabilities	166,949	28,119
NON-CURRENT LIABILITIES		
8.00% 2019 Notes, net of unamortized deferred finance fees of $1,677 and $1,243, respectively (Note 8)	48,323	48,757
Long term debt, net of current portion and unamortized deferred finance fees of $14,360 and $9,214, respectively (Note 8)	720,237	743,719
Lease commitments long term, net of unamortized deferred finance fees of $nil and $39, respectively (Note 5 & Note 8)	75,030	152,613
Derivative liability, non-current (Note 18)	2,518	796
Other non-current liabilities	431	468
TOTAL LIABILITIES	1,013,488	974,472
COMMITMENTS & CONTINGENCIES (Note 16)	-	-
STOCKHOLDERS' EQUITY		
Preferred Stock; $0.01 par value, authorized 25,000,000 shares; none issued or outstanding at December 31, 2015 and 2016 (Note 9)	-	-
Common Stock, $0.01 par value, 300,000,000 shares authorized; 43,821,114 and 56,628,907 shares issued and outstanding at December 31, 2015 and 2016, respectively (Note 9)	438	566
Additional paid in capital (Note 9)	2,008,440	2,063,490
Accumulated other comprehensive income/(loss) (Note 18)	(1,216)	(294)
Accumulated deficit	(872,304)	(1,026,532)
Total Stockholders' Equity	1,135,358	1,037,230
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 2,148,846**	**$ 2,011,702**

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Operations
For the years ended December 31, 2014, 2015 and 2016
(Expressed in thousands of U.S. dollars except for share and per share data)

	2014	2015	2016
Revenues:			
Voyage revenues	$ 145,041	$ 234,035	$ 221,987
Management fee income (Note 3)	2,346	251	119
	147,387	234,286	222,106
Expenses			
Voyage expenses (Note 17)	42,341	72,877	65,821
Charter-in hire expenses	-	1,025	3,550
Vessel operating expenses (Note 17)	53,096	112,796	98,830
Dry docking expenses	5,363	14,950	6,023
Depreciation	37,150	82,070	81,935
Management fees (Note 11)	158	8,436	7,604
General and administrative expenses	32,723	23,621	24,602
Bad debt expense	215	-	-
Impairment loss (Note 5, Note 6 and Note 18)	-	321,978	29,221
Loss on time-charter agreement termination (Note 7)	-	2,114	-
Other operational loss	94	-	503
Other operational gain (Note 10)	(10,003)	(592)	(1,565)
(Gain)/Loss on forward freight agreements (Note 18)	-	-	(411)
Loss on sale of vessel (Note 5)	-	20,585	15,248
Gain from bargain purchase (Note 1)	(12,318)	-	-
	148,819	659,860	331,361
Operating income/(loss)	**(1,432)**	**(425,574)**	**(109,255)**
Other Income/(Expenses):			
Interest and finance costs (Note 8)	(9,575)	(29,661)	(41,217)
Interest and other income	629	1,090	876
Gain/(Loss) on derivative financial instruments, net (Note 18)	(799)	(3,268)	(2,116)
Loss on debt extinguishment (Note 8)	(652)	(974)	(2,375)
Total other expenses, net	**(10,397)**	**(32,813)**	**(44,832)**
Income/(Loss) before equity in income of investee	**(11,829)**	**(458,387)**	**(154,087)**
Equity in income of investee (Note 3)	106	210	126
Income/(loss) before taxes	**$ (11,723)**	**$ (458,177)**	**$ (153,961)**
Income taxes (Note 15)	-	-	(267)
Net income/(loss)	**$ (11,723)**	**$ (458,177)**	**$ (154,228)**
Earnings/(loss) per share, basic (Note 13)	$ (1.00)	$ (11.71)	$ (3.24)
Earnings/(loss) per share, diluted (Note 13)	$ (1.00)	$ (11.71)	$ (3.24)
Weighted average number of shares outstanding, basic (Note 13)	11,688,239	39,124,673	47,574,454
Weighted average number of shares outstanding, diluted (Note 13)	11,688,239	39,124,673	47,574,454

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Comprehensive Income / (Loss)
For the years ended December 31, 2014, 2015 and 2016
(Expressed in thousands of U.S. dollars except for share and per share data)

	2014	2015	2016
Net income/(loss):	$ (11,723)	$ (458,177)	$ (154,228)
Other comprehensive income/(loss):			
Unrealized gain/(loss) from cash flow hedges:			
Unrealized gain/(loss) from hedging interest rate swaps recognized in Other comprehensive income / (loss) before reclassifications (Note 18)	(1,433)	(5,047)	(372)
Less:			
Reclassification adjustments of interest rate swap loss (Note 18)	1,055	4,209	1,294
Other comprehensive income/(loss):	(378)	(838)	922
Comprehensive income/(loss)	$ (12,101)	$ (459,015)	$ (153,306)

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Stockholders' Equity
For the years ended December 31, 2014, 2015 and 2016
(Expressed in thousands of U.S. dollars except for share and per share data)

	Common Stock					
	# of Shares	Par Value	Additional Paid-in Capital	Other Comprehensive income/(loss)	Accumulated deficit	Total Stockholders' Equity
BALANCE, December 31, 2013	**5,811,906**	**$ 58**	**$ 668,452**	**$ -**	**$ (402,404)**	**$ 266,106**
Net income/(loss) for the year ended December 31, 2014	-	$ -	$ -	$ -	$ (11,723)	$ (11,723)
Other comprehensive loss	-	-	-	(378)	-	(378)
Issuance of common stock - Acquisition of 33% of Interchart (Note 9)	4,520	-	328	-	-	328
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 12)	116,068	1	5,833	-	-	5,834
Issuance of common stock Merger & Pappas Transaction (Note 1)	10,397,699	104	616,168	-	-	616,272
Issuance of common stock Heron Transaction in escrow account (Note 1)	423,141	4	25,075	-	-	25,079
Issuance of common stock Excel Transactions (Note 1)	5,131,885	51	252,733	-	-	252,784
BALANCE, December 31, 2014	**21,885,219**	**$ 218**	**$ 1,568,589**	**$ (378)**	**$ (414,127)**	**$ 1,154,302**
Net income/(loss) for the year ended December 31, 2015	-	$ -	$ -	$ -	$ (458,177)	$ (458,177)
Other comprehensive loss	-	-	-	(838)	-	(838)
Amortization of stock-based compensation (Note 12)	-	-	2,684	-	-	2,684
Issuance of common shares (Note 9)	21,050,084	211	417,586	-	-	417,797
Issuance of shares for commission to Oceanbulk Maritime (Note 3)	34,234	-	282	-	-	282
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 12)	851,577	9	19,299	-	-	19,308
BALANCE, December 31, 2015	**43,821,114**	**$ 438**	**$ 2,008,440**	**$ (1,216)**	**$ (872,304)**	**$ 1,135,358**
Net income/(loss) for the year ended December 31, 2016	-	$ -	$ -	$ -	$ (154,228)	$ (154,228)
Other comprehensive loss	-	-	-	922	-	922
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 12)	692,595	7	4,159	-	-	4,166
Issuance of common shares (Note 9)	11,976,745	120	50,158	-	-	50,278
Issuance of shares for commission to Oceanbulk Maritime (Note 3)	138,453	1	733	-	-	734
BALANCE, December 31, 2016	**56,628,907**	**$ 566**	**$ 2,063,490**	**$ (294)**	**$ (1,026,532)**	**$ 1,037,230**

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Cash Flows
For the years ended December 31, 2014, 2015 and 2016
(Expressed in thousands of U.S. dollars)

	2014	2015	2016
Cash Flows from Operating Activities:			
Net income/(loss)	$ (11,723)	$ (458,177)	$ (154,228)
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:			
Depreciation	37,150	82,070	81,935
Amortization of fair value of above market acquired time charters (Note 7)	6,113	9,540	254
Amortization of deferred finance charges (Note 8)	681	2,732	2,855
Amortization of deferred gain (Note 5)	-	(22)	(75)
Loss on debt extinguishment (Note 8)	652	974	2,375
Loss on time-charter agreement termination (Note 7)	-	2,114	-
Impairment loss (Note 19)	-	321,978	29,221
Loss on sale of vessel (Note 5)	-	20,585	15,248
Stock-based compensation (Note 12)	5,834	2,684	4,166
Non-cash effects of derivatives (Note 18)	1,717	(121)	(4,223)
Other non-cash charges	66	38	112
Bad debt expense	215	-	-
Write-off of claim receivable	-	-	225
Gain from insurance claim	(237)	-	(1,472)
Gain from bargain purchase (Note 1)	(12,318)	-	-
Write-off of liability in other operational gain (non cash gain) (Note 10)	(1,361)	-	-
Equity in income of investee (Note 3)	(106)	(210)	(126)
Income tax	-	-	267
Changes in operating assets and liabilities:			
(Increase)/Decrease in:			
Restricted cash for forward freight derivatives	-	-	(216)
Trade accounts receivable	(16,057)	13,876	(1,683)
Inventories	(5,409)	121	(184)
Prepaid expenses and other current assets	(2,328)	(8,497)	3,142
Due from managers	-	-	(1,430)
Due from related parties	287	(964)	287
Increase/(Decrease) in:			
Accounts payable	1,995	(5,276)	(4,236)
Due to related parties	(449)	(1,744)	(66)
Accrued liabilities	6,713	1,465	(2,900)
Due to managers	-	2,291	(2,291)
Deferred revenue	1,384	(35)	(405)
Net cash provided by/(used in) Operating Activities	12,819	(14,578)	(33,448)
Cash Flows provided by/(used in) Investing Activities:			
Advances for vessels under construction and acquisition of vessels and other assets	(518,447)	(473,917)	(396,154)
Cash paid for above market acquired time charters (Note 7)	(4,856)	-	-
Cash proceeds from vessel sales (Note 5)	1,100	70,300	380,193
Long term investment (Note 3)	(200)	-	-
Cash received from Merger & Pappas Transaction (Note 1)	96,268	-	-
Hull and Machinery Insurance proceeds	550	309	2,536
Proceeds from cancellation of vessels under construction	-	5,800	-
Decrease in restricted cash	35	4,500	7,251
Increase in restricted cash	(11,525)	(4,525)	(7,042)
Net cash provided by/(used in) Investing Activities	(437,075)	(397,533)	(13,216)
Cash Flows provided by/(used in) Financing Activities:			
Proceeds from bank loans, lease commitments and 8.00% 2019 Notes	637,207	373,993	151,763
Loan prepayments and repayments	(173,986)	(244,529)	(181,201)
Financing fees paid	(6,513)	(13,094)	(474)
Proceeds from issuance of common stock	-	418,771	50,589
Offering expenses paid related to the issuance of common stock	-	(974)	(311)
Net cash provided by/(used in) Financing Activities	456,708	534,167	20,366
Net increase in cash and cash equivalents	32,452	122,056	(26,298)
Cash and cash equivalents at beginning of the year	53,548	86,000	208,056
Cash and cash equivalents at end of the year	$ 86,000	$ 208,056	$ 181,758
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest, net of amount capitalized	5,803	29,813	47,997

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

1 Basis of Presentation and General Information:

The accompanying consolidated financial statements as of and for the years ended December 31, 2014, 2015 and 2016, include the accounts of Star Bulk Carriers Corp. ("Star Bulk") and its wholly owned subsidiaries as set forth below (collectively, the "Company").

Star Bulk was incorporated on December 13, 2006 under the laws of the Marshall Islands and maintains executive offices in Athens, Greece. The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership and operation of dry bulk carrier vessels. Since December 3, 2007, Star Bulk shares trade on the NASDAQ Global Select Market under the ticker symbol SBLK.

Effective June 20, 2016, the Company effected a 5-for-1 reverse split of its issued and outstanding common shares (the "June 2016 Reverse Split") (Note 9). All share and per share amounts disclosed in the accompanying financial statements give effect to this reverse stock split retroactively, for all periods presented.

The July 2014 Transactions

On July 11, 2014, the Company, as part of its growth strategy, completed a transaction that resulted in the acquisition of Oceanbulk Shipping LLC ("Oceanbulk Shipping") and Oceanbulk Carriers LLC ("Oceanbulk Carriers", and together with Oceanbulk Shipping, "Oceanbulk") from Oaktree Dry Bulk Holdings LLC (including affiliated funds, "Oaktree") and Millennia Holdings LLC ("Millennia Holdings", and together with Oaktree, the "Oceanbulk Sellers" or "Sellers") through the merger of the Company's wholly-owned subsidiaries, Star Synergy LLC and Star Omas LLC, into Oceanbulk's holding companies (the "Merger"). At the time of the Merger, Oceanbulk owned and operated a fleet of 12 dry bulk carrier vessels and owned contracts for the construction of 25 newbuilding fuel-efficient Eco-type dry bulk vessels at shipyards in Japan and China. Millennia Holdings is an entity that is affiliated with the family of Mr. Petros Pappas, who became the Company's Chief Executive Officer in connection with the Merger.

The agreement governing the Merger, the "Merger Agreement", also provided for the acquisition (the "Heron Transaction") by the Company of two Kamsarmax vessels (the "Heron Vessels"), from Heron Ventures Ltd. ("Heron"), a limited liability company incorporated in Malta, which was a joint venture between Oceanbulk Shipping and a third party. Oceanbulk Shipping at the time of the Merger had an outstanding loan receivable of $23,680 from Heron that was convertible into 50% of the equity interests of Heron (the "Heron Convertible Loan"). The Heron Convertible Loan was converted into 50% of the equity of Heron on November 5, 2014. The Company issued 423,141 of its common shares (adjusted for the June 2016 Reverse Split) into escrow as part of the consideration for the acquisition of the Heron Vessels. The common shares were released from escrow to the Sellers on January 30, 2015, following the transfer of the Heron Vessels to the Company on December 5, 2014. In addition to the issued shares, upon the delivery of the Heron vessels the Company paid $25,000 in cash, which was financed by the Heron Vessels Facility (described in Note 8t), which the Company had entered in November 2014.

In addition, concurrently with the Merger, the Company completed a transaction (the "Pappas Transaction"), in which it acquired all of the issued and outstanding shares of Dioriga Shipping Co. and Positive Shipping Company (collectively, the "Pappas Companies"), which were entities owned and controlled by affiliates of the family of Mr. Pappas. At the time of the Merger, the Pappas Companies owned and operated a dry bulk carrier vessel (*Tsu Ebisu*) and had a contract for the construction of a newbuilding dry bulk carrier vessel (*Indomitable* - ex-HN 5016), which was delivered in January 2015. The Merger, the Heron Transaction and the Pappas Transaction are referred to, together, as the "July 2014 Transactions."

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

A total of 10,820,840 of the Company's common shares (adjusted for the June 2016 Reverse Split) were issued to the various selling parties in the July 2014 Transactions, consisting of 9,679,153 common shares consideration for the Merger with Oceanbulk, 718,546 common shares consideration for the acquisition of Pappas Companies and 423,141 common shares as partial consideration for the acquisition of the Heron Vessels.

The Merger and the Pappas Transaction have been reflected in the Company's consolidated financial statements for the year ended December 31, 2014, as purchases of businesses pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, "*Business Combinations*", and the results of operations of Oceanbulk and the Pappas Companies have been included in the accompanying consolidated statement of operations since July 11, 2014, the date the Merger and the Pappas Transaction were completed. The following table summarizes the estimated fair values of the significant assets acquired and liabilities assumed by the Company on the date of the acquisition with respect to the Merger and the Pappas Transaction:

	July 11, 2014
Assets	
Cash and cash equivalents	$ 89,887
Restricted cash	6,381
Other current assets	13,906
Advances for vessel acquisition and vessels under construction	316,786
Vessels	426,000
Fair value of above market acquired charters	1,967
Total Assets acquired	**$ 854,927**
Liabilities	
Current liabilities, excluding current portion of long term bank debt and derivative financial liabilities	12,372
Long-term debt, including current portion	208,237
Derivative financial liabilities	5,728
Total Liabilities assumed	**$ 226,337**
Net assets acquired	**$ 628,590**
Consideration paid in common shares for Oceanbulk and Pappas Companies (10,397,699 shares issued)	616,272
Gain from Bargain Purchase	**$ 12,318**

The purchase price allocation was prepared by the Company, assisted by a third party expert, based on management estimates and assumptions, making use of available market data and taking into consideration third party valuations. Major adjustments to record the acquired assets and assumed liabilities at fair value include:

a) a $158,523 fair value adjustment recognized for vessels under construction, as supported by vessel valuations of independent shipbrokers on a fully delivered and charter free basis, through Level 2 of the fair value hierarchy based on observable inputs, prevailing in the sale and purchase market of similar vessels on June 23, 2014, which, according to the third party appraiser and management estimates and based on the then current market trends were not materially different from the values on July 11, 2014;

b) a $79,465 fair value adjustment recognized for vessels in operation, as supported by vessel valuations of independent shipbrokers on a charter free basis, through Level 2 of the fair value hierarchy based on observable inputs, prevailing in the sale and purchase market of similar vessels on June 23, 2014, which, according to the third party appraiser and management estimates and based on the then current market trends were not materially different from the values on July 11, 2014;

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

c) a write-off of the Heron Convertible Loan of $23,680, as further discussed below, on the basis that no economic benefit was expected to be provided to the Company from Heron's liquidation process (other than the distribution of the Heron Vessels in exchange for separate consideration of 423,141 common shares and $25,000 in cash) with any distributable cash from the liquidation of Heron to be transferred to the former owners of Oceanbulk Shipping as further discussed in Note 16.2;

d) a write-off of $3,003 deferred finance costs with respect to financing arrangements that, according to the third party appraiser and management estimates, were not expected to provide any ongoing benefit to the business;

e) a $1,967 intangible asset recognized with respect to a fair value adjustment for two favorable charters under which Oceanbulk is the lessor, through Level 2 of the fair value hierarchy based on observable inputs, by comparing the discounted cash flows under the existing charters with those that could be obtained in the then current market by vessels of similar size and age for the remaining charter period. The respective intangible asset was amortized on a straight-line basis over the remaining period of the time charters (which terminated during the first and second quarter of 2016) (Note 7).

The fair value of the share consideration issued in connection with the July 2014 Transactions was based on the market price of $59.27 per share of the Company's common shares (adjusted for the June 2016 Reverse Split).

The resulting gain from bargain purchase from the acquisition of Oceanbulk and the Pappas Companies of $12,318 is separately presented in the accompanying consolidated statement of operations for the year ended December 31, 2014. The gain from bargain purchase is primarily attributable to the estimates of the fair value of the assets acquired and liabilities assumed and the subsequent stability or slightly declining market value of dry bulk carrier vessels since the signing of the agreements relating to the July 2014 Transactions, combined with the simultaneous decline in stock prices for most U.S. listed shipping companies, including Star Bulk, which had at the time of the Merger decreased by a greater amount than their net asset values.

The following unaudited financial information reflects the results of operations of Oceanbulk and Pappas Companies since the acquisition date, which are included in the Company's consolidated statement of operations for the year ended December 31, 2014:

	Oceanbulk	Pappas Companies
Voyage revenues	$ 39,585	$ 2,249
Operating income/(loss)	$ (645)	$ 111
Net loss	$ (4,822)	$ (213)

The following unaudited pro forma consolidated financial information reflects the results of operations for the year ended December 31, 2014, as if the Merger and the Pappas Transaction had been consummated on January 1, 2013 and after giving effect to purchase accounting adjustments, including the nonrecurring pro forma reversal of: (i) the gain from bargain purchase of $12,318 in 2014; (ii) all acquisition-related transaction costs of $12,757 in 2014; and (iii) the interest expense of $1,412 in 2013 and $1,816 in 2014, with respect to the convertible loan owed by Oceanbulk to its members, which was converted into equity because of the Merger, as if the conversion had taken place on January 1, 2013. These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what operating results would have been, had the Merger and the Pappas Transaction actually taken place on January 1, 2013. In addition, these results are not intended to be a projection of future results and do not reflect any synergies that might be achieved from the combined operations:

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

		2014
Pro forma revenues	$	177,654
Pro forma operating loss	$	(10,296)
Pro forma net loss	$	(24,075)
Pro forma loss per share, basic and diluted	$	(0.27)

The Heron Transaction has been reflected in the Company's consolidated financial statements for the year ended December 31, 2014, as a purchase of assets with the acquisition cost of the two Heron Vessels delivered on December 5, 2014, consisting of the value of the 423,141 common shares issued on July 11, 2014, of $25,080, and $25,000 in cash, financed by the Heron Vessels Facility (Note 8) being recorded within "Vessels and other fixed assets, net" in the accompanying consolidated balance sheets, net of accumulated depreciation. As discussed above, as part of the purchase price allocation as of July 11, 2014, the Company assigned zero value to the Heron Convertible Loan, as no economic benefit is expected to be provided to the Company from Heron's liquidation process, since any distributable cash from the liquidation of Heron will be transferred to the former owners of Oceanbulk Shipping and not to the Company as further discussed in Note 16.2.

On September 5, 2014, Oceanbulk Shipping, which became, following the Merger a wholly owned subsidiary of Star Bulk, entered into a term sheet with ABY Group Holdings Limited ("ABY Group") and Heron. The term sheet provided for the conversion of the Heron Convertible Loan. Among other things, the term sheet contained customary governance provisions and provisions relating to the liquidation of Heron following the conversion of the Heron Convertible Loan. Under the term sheet, Oceanbulk Shipping received as a distribution the vessels *Star Gwyneth (ex-ABYO Gwyneth*) and *Star Angelina (ex-ABYO Angelina*) (two Kamsarmax vessels of 82,790 dwt and 82,981 dwt, respectively), and ABY Group received, as a distribution, the *ABYO Audrey* (a Capesize vessel of 175,125 dwt) and the *ABYO Oprah* (a Kamsarmax vessel of 82,551 dwt). On November 5, 2014, the conversion of the Heron Convertible Loan into 50% of the equity interests of Heron was completed. However, such conversion did not affect the Company's financial statements since, as further discussed above and in Note 16.2, pursuant to the provisions of the Merger Agreement, the former owners of Oceanbulk effectively remain the ultimate beneficial owners of Heron until Heron is dissolved and any distributable cash from the liquidation of Heron will be transferred to the former owners of Oceanbulk Shipping and not to the Company.

The Company incurred transaction costs and a stock based compensation expense relating to the July 2014 Transactions of $9,364 and $1,808, respectively, which are included in "General and administrative expenses" in the accompanying consolidated statement of operations for the year ended December 31, 2014.

The Excel Transactions

On August 19, 2014, the Company entered into definitive agreements with Excel Maritime Carriers Ltd. ("Excel") pursuant to which (the "Excel Transactions") the Company acquired 34 operating dry bulk vessels, consisting of six Capesize vessels, 14 sistership Kamsarmax vessels, 12 Panamax vessels and two Handymax vessels (the "Excel Vessels") for an aggregate consideration of 5,983,462 of its common shares (adjusted for the June 2016 Reverse Split) (the "Excel Vessel Share Consideration") and $288,391 in cash (Note 3). The Excel Vessels were transferred to the Company in a series of closings, on a vessel-by-vessel basis, in general upon reaching port after their voyages and cargoes were discharged. The last Excel Vessel was delivered to the Company in April 2015.

In the case of three Excel Vessels (*Star Martha* (ex - *Christine*), *Star Pauline* (ex - *Sandra*) and *Star Despoina* (ex -*Lowlands Beilun*)), which were transferred subject to existing charters, the Company acquired the outstanding equity interests of the vessel-owning subsidiaries that own those Excel Vessels (although all other assets and liabilities of such vessel-owning subsidiaries remained with Excel). The delivery of each Excel Vessel has been reflected in the Company's financial statements as a purchase of assets.

1. Basis of Presentation and General Information – (continued):

At the transfer of each Excel Vessel, the Company paid the cash and share consideration for such Excel Vessel to Excel. The Company used cash on hand, together with borrowings under (i) a $231,000 secured bridge loan facility (the "Excel Vessel Bridge Facility") provided to the Company by Excel's majority equity holders, which are entities affiliated with Oaktree and entities affiliated with Angelo, Gordon & Co. ("Angelo, Gordon"), or (ii) other bank borrowings, to fund part of the cash consideration for the acquisition of the Excel Vessels (Notes 3 and 8). Excel used the cash consideration to cause an amount of outstanding indebtedness under its senior secured credit agreement to be repaid, such that all liens and obligations with respect to each transferred Excel Vessel were released upon its transfer to the Company.

STAR BULK CARRIERS CORP.
Notes to Consolidated Financial Statements
December 31, 2016
(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

Below is the list of the Company's wholly owned subsidiaries as of December 31, 2016:

Subsidiaries owning vessels in operation at December 31, 2016

	Wholly Owned Subsidiaries	Vessel Name	DWT	Date Delivered to Star Bulk	Year Built
1	Star Ennea LLC	*Star Poseidon*	209,475	February 26, 2016	2016
2	Sea Diamond LLC	*Goliath*	209,537	July 15, 2015	2015
3	Pearl Shiptrade LLC	*Gargantua*	209,529	April 2, 2015	2015
4	Coral Cape Shipping LLC	*Maharaj*	209,472	July 15, 2015	2015
5	Star Seeker LLC	*Star Libra (1)*	207,765	June 6, 2016	2016
6	Clearwater Shipping LLC	*Star Marisa (1)*	207,709	March 11 2016	2016
7	Cape Ocean Maritime LLC	*Leviathan*	182,511	September 19, 2014	2014
8	Cape Horizon Shipping LLC	*Peloreus*	182,496	July 22, 2014	2014
9	Sandra Shipco LLC	*Star Pauline*	180,274	December 29, 2014	2008
10	Christine Shipco LLC	*Star Martha*	180,274	October 31, 2014	2010
11	Pacific Cape Shipping LLC	*Pantagruel*	180,181	July 11, 2014	2004
12	Star Borealis LLC	*Star Borealis*	179,678	September 9, 2011	2011
13	Star Polaris LLC	*Star Polaris*	179,600	November 14, 2011	2011
14	Star Trident V LLC	*Star Angie*	177,931	October 29, 2014	2007
15	Sky Cape Shipping LLC	*Big Fish*	177,662	July 11, 2014	2004
16	Global Cape Shipping LLC	*Kymopolia*	176,990	July 11, 2014	2006
17	Sea Cape Shipping LLC	*Big Bang*	174,109	July 11, 2014	2007
18	Star Aurora LLC	*Star Aurora*	171,199	September 8, 2010	2000
19	Star Trident VII LLC	*Star Eleonora (Note 19)*	164,218	December 3, 2014	2001
20	Nautical Shipping LLC	*Amami*	98,681	July 11, 2014	2011
21	Majestic Shipping LLC	*Madredeus*	98,681	July 11, 2014	2011
22	Star Sirius LLC	*Star Sirius*	98,681	March 7, 2014	2011
23	Star Vega LLC	*Star Vega*	98,681	February 13, 2014	2011
24	Star Alta I LLC	*Star Angelina*	82,981	December 5, 2014	2006
25	Star Alta II LLC	*Star Gwyneth*	82,790	December 5, 2014	2006
26	Star Trident I LLC	*Star Kamila*	82,769	September 3, 2014	2005
27	Grain Shipping LLC	*Pendulum*	82,619	July 11, 2014	2006
28	Star Trident XIX LLC	*Star Maria*	82,598	November 5, 2014	2007
29	Star Trident XII LLC	*Star Markella*	82,594	September 29, 2014	2007
30	Star Trident IX LLC	*Star Danai*	82,574	October 21, 2014	2006
31	Star Trident XI LLC	*Star Georgia*	82,298	October 14, 2014	2006
32	Star Trident VIII LLC	*Star Sophia*	82,269	October 31, 2014	2007
33	Star Trident XVI LLC	*Star Mariella*	82,266	September 19, 2014	2006
34	Star Trident XIV LLC	*Star Moira*	82,257	November 19, 2014	2006
35	Star Trident XVIII LLC	*Star Nina*	82,224	January 5, 2015	2006
36	Star Trident X LLC	*Star Renee*	82,221	December 18, 2014	2006
37	Star Trident II LLC	*Star Nasia*	82,220	August 29, 2014	2006
38	Star Trident XIII LLC	*Star Laura*	82,209	December 8, 2014	2006
39	Star Trident XV LLC	*Star Jennifer*	82,209	April 15, 2015	2006
40	Star Trident XVII LLC	*Star Helena*	82,187	December 29, 2014	2006
41	Mineral Shipping LLC	*Mercurial Virgo*	81,545	July 11, 2014	2013
42	Star Trident III LLC	*Star Iris*	76,466	September 8, 2014	2004
43	Star Trident XX LLC	*Star Emily*	76,417	September 16, 2014	2004
44	Star Trident XXV Ltd.	*Star Vanessa*	72,493	November 7, 2014	1999
45	Orion Maritime LLC	*Idee Fixe (1)*	63,458	March 25, 2015	2015
46	Spring Shipping LLC	*Roberta (1)*	63,426	March 31, 2015	2015
47	Success Maritime LLC	*Laura (1)*	63,399	April 7, 2015	2015
48	Ultra Shipping LLC	Kaley (1)	63,283	June 26, 2015	2015
49	Blooming Navigation LLC	Kennadi	63,262	January 8, 2016	2016
50	Jasmine Shipping LLC	Mackenzie	63,226	March 2, 2016	2016

(1) Vessels subject to a capital bareboat lease (Note 5)

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1. Basis of Presentation and General Information – (continued):

	Wholly Owned Subsidiaries	Vessel Name	DWT	Date Delivered to Star Bulk	Year Built
51	Star Challenger I LLC	*Star Challenger*	61,462	December 12, 2013	2012
52	Star Challenger II LLC	*Star Fighter*	61,455	December 30, 2013	2013
53	Star Axe II LLC	*Star Lutas*	61,347	January 6, 2016	2016
54	Aurelia Shipping LLC	*Honey Badger*	61,320	February 27, 2015	2015
55	Rainbow Maritime LLC	*Wolverine*	61,292	February 27, 2015	2015
56	Star Axe I LLC	*Star Antares*	61,258	October 9, 2015	2015
57	Star Asia I LLC	*Star Aquarius*	60,916	July 22, 2015	2015
58	Star Asia II LLC	*Star Pisces*	60,916	August 7, 2015	2015
59	Glory Supra Shipping LLC	*Strange Attractor*	55,742	July 11, 2014	2006
60	Star Omicron LLC	*Star Omicron*	53,489	April 17, 2008	2005
61	Star Gamma LLC	*Star Gamma*	53,098	January 4, 2008	2002
62	Star Zeta LLC	*Star Zeta*	52,994	January 2, 2008	2003
63	Star Delta LLC	*Star Delta*	52,434	January 2, 2008	2000
64	Star Theta LLC	*Star Theta*	52,425	December 6, 2007	2003
65	Star Epsilon LLC	*Star Epsilon*	52,402	December 3, 2007	2001
66	Star Cosmo LLC	*Star Cosmo*	52,247	July 1, 2008	2005
67	Star Kappa LLC	*Star Kappa*	52,055	December 14, 2007	2001
		Total dwt	**7,010,446**		

Subsidiaries owning newbuildings at December 31, 2016

	Wholly Owned Subsidiaries	Newbuildings Name	Type	DWT	Expected Delivery Date
1	Star Breezer LLC	HN 1371 (tbn *Star Virgo*) (1) (Note 19)	Newcastlemax	208,000	Mar-17
2	Domus Shipping LLC	HN 1360 (tbn *Star Ariadne*) (1)	Newcastlemax	208,000	Mar-17
3	Star Castle I LLC	HN 1342 (tbn *Star Gemini*)	Newcastlemax	208,000	Jul-17
4	Festive Shipping LLC	HN 1361 (tbn *Star Magnanimus*) (1)	Newcastlemax	208,000	Jan-18
5	Star Castle II LLC	HN 1343 (tbn *Star Leo*)	Newcastlemax	208,000	Jan-18
		Total dwt		**1,040,000**	

(1) Vessels subject to a bareboat capital lease (Note 5)

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1. Basis of Presentation and General Information – (continued):

Non-vessel owning subsidiaries at December 31, 2016

	Wholly Owned Subsidiaries		
1	Star Bulk Management Inc.	25	Star Beta LLC
2	Starbulk S.A.	26	Star Mega LLC
3	Star Bulk Manning LLC	27	Star Big LLC
4	Star Bulk Shipmanagement Company (Cyprus) Limited	28	Gravity Shipping LLC
5	Optima Shipping Limited	29	White Sand Shipping LLC
6	Star Omas LLC	30	Premier Voyage LLC
7	Star Synergy LLC	31	L.A. Cape Shipping LLC
8	Oceanbulk Shipping LLC	32	Cape Confidence Shipping LLC
9	Oceanbulk Carriers LLC	33	Cape Runner Shipping LLC
10	International Holdings LLC	34	Olympia Shiptrade LLC
11	Star Ventures LLC	35	Victory Shipping LLC
12	Dry Ventures LLC	36	Star Cape I LLC
13	Unity Holding LLC	37	Star Cape II LLC
14	Star Bulk (USA) LLC	38	Positive Shipping Company
15	Star Trident XXI LLC	39	OOCape1 Holdings LLC
16	Star Trident XXIV LLC	40	Oday Marine LLC
17	Star Trident XXVII LLC	41	Searay Maritime LLC
18	Star Trident XXXI LLC	42	Lowlands Beilun Shipco LLC
19	Star Trident XXIX LLC	43	Star Trident VI LLC
20	Star Trident XXVIII LLC	44	KMSRX Holdings LLC
21	Star Trident XXVI LLC	45	Dioriga Shipping Co.
22	Star Trident XXII LLC	46	Star Trident XXX LLC
23	Star Trident XXIII LLC	47	Star Trident IV LLC
24	Star Alpha LLC	48	Pacific Ventures Holdings LLC

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1. Basis of Presentation and General Information – (continued):

Below is the list of the vessels which were under commercial and technical management by Star Bulk's wholly owned subsidiary, Starbulk S.A., during the year ended December 31, 2014. For each vessel, Starbulk S.A. received a fixed management fee of $0.75 per day. Only the vessel *Serenity I*, listed in the below table, was under Starbulk S.A.'s commercial and technical management during the year ended December 31, 2015. As of October 1, 2015, the management fee that the Company was receiving for Serenity I, was changed to $0.50 per day and the respective management agreement was terminated in August 2016. There were no vessels under commercial and technical management by Starbulk, S.A. on December 31, 2016.

Vessel Owning Company	Vessel Name	DWT	Effective Date of Management Agreement	Year Built
Global Cape Shipping LLC (2)	*Kymopolia*	176,990	January 30, 2014	2006
OOCAPE1 Holdings LLC (2)	*Obelix*	181,433	October 19, 2012	2011
Pacific Cape Shipping LLC (2)	*Pantagruel*	180,181	October 24, 2013	2004
Sea Cape Shipping LLC (2)	*Big Bang*	174,109	August 30, 2013	2007
Sky Cape Shipping LLC (2)	*Big Fish*	177,662	October 18, 2013	2004
Majestic Shipping LLC (2)	*Madredeus*	98,681	February 4, 2014	2011
Nautical Shipping LLC (2)	*Amami*	98,681	February 4, 2014	2011
Grain Shipping LLC (2)	*Pendulum*	82,619	February 17, 2014	2006
Mineral Shipping LLC (2)	*Mercurial Virgo*	81,545	February 17, 2014	2013
Adore Shipping Corp.	*Renascentia*(3)	74,732	June 20, 2013	1999
Hamon Shipping Inc	*Marto* (4)	74,470	August 2, 2013	2001
Glory Supra Shipping LLC (2)	*Strange Attractor*	55,742	September 24, 2013	2006
Premier Voyage LLC (2)	*Maiden Voyage*	58,722	September 28, 2012	2012
Serenity Maritime Inc.	*Serenity I*	53,688	June 11, 2011	2006

(1) These companies were subsidiaries of Oceanbulk and related parties to the Company (please refer to Note 3), which became wholly owned subsidiaries following the completion of the Merger, when the respective management agreements were terminated.

(2) On June 20, 2014, this vessel was sold and the management agreement between Starbulk S.A. and the previous owners was terminated. The Company received management fees for a period of two months following the termination date, in accordance with the terms of the management agreement.

(3) On July 3, 2014, the Company received a notice of termination of the management agreement for this vessel. The management agreement was terminated upon the vessel's delivery to its new managers, on August 20, 2014. The Company received management fees for a period of three months following the termination date, in accordance with the terms of the management agreement.

Below is the vessel which was chartered in as part of the sale and leaseback transaction that the Company has entered into for the previously owned vessel *Maiden Voyage*, which is currently named *Astakos* (Note 5).

Vessel Name	Type	DWT	Year Built
Astakos	Supramax	58,722	2012
	Total dwt:	**58,722**	

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1. Basis of Presentation and General Information – (continued):

No charterer accounted for more than 10% of the Company's voyage revenue in 2015. Charterers who individually accounted for more than 10% of the Company's voyage revenues during the year ended December 31, 2014 and 2016 are as follows:

Charterer	2014	2015	2016
A	0%	6%	13%
B	12%	4%	3%
C	12%	3%	2%

The outstanding accounts receivable balance as at December 31, 2016 of these charterers was $452.

2. Significant Accounting policies:

a) ***Principles of consolidation:*** The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), which include the accounts of Star Bulk and its wholly owned subsidiaries referred to in Note 1 above. All intercompany balances and transactions have been eliminated in the consolidation.

Star Bulk as the holding company determines whether it has controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity. Under ASC 810 "Consolidation", a voting interest entity is an entity in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and make financial and operating decisions. Star Bulk consolidates voting interest entities in which it owns all, or at least a majority (generally, greater than 50%), of the voting interest.

A variable interest entity ("VIE") is an entity as defined under ASC 810-10, which in general either does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. A controlling financial interest pursuant to a VIE model requires both of the following:(a) the power to direct the activities that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The company with a controlling financial interest, known as the primary beneficiary, is required to consolidate the VIE. The Company evaluates all arrangements that may include a variable interest in an entity to determine if it may be the primary beneficiary, and would be required to include assets, liabilities and operations of a VIE in its consolidated financial statements. As of December 31, 2014, 2015 and 2016, no such interests existed.

The amendments to the consolidation analysis, issued by the FASB under ASU 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis" in February 2015, provide guidance for reporting entities to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation model. The implementation of these amendments had no impact on the Company's consolidated financial statements.

b) ***Equity method investments:*** Investments in the equity of entities over which the Company exercises significant influence, but does not exercise control are accounted for by the equity method of accounting. Under this method, the Company records such an investment at cost and adjusts the carrying amount for its share of the earnings or losses of the entity subsequent to the date of investment and reports the recognized earnings or losses in income. The Company also evaluates whether a loss in value of an investment that is other than a temporary decline should be recognized. Evidence of a loss in value might include absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. Dividends received reduce the carrying amount of the investment. When the Company's share of losses in an entity accounted for by the equity method equals or exceeds its interest in the entity, the Company does not recognize further losses, unless the Company has made advances, incurred obligations and made payments on behalf of the entity.

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2. Significant Accounting policies – (continued):

c) ***Use of estimates:*** The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the accompanying consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions.

d) ***Comprehensive income/(loss):*** The statement of comprehensive income/(loss) presents the change in equity (net assets) during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by shareholders and distributions to shareholders. Reclassification adjustments are presented out of accumulated other comprehensive income/(loss) on the face of the statement in which the components of other comprehensive income/(loss) are presented or in the notes to the financial statements. The Company follows the provisions of ASC 220 "Comprehensive Income", and presents items of net income/(loss), items of other comprehensive income/(loss) ("OCI") and total comprehensive income/(loss) in two separate and consecutive statements.

e) ***Concentration of credit risk:*** Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents and restricted cash, trade accounts receivable and derivative contracts (including freight derivatives, bunker derivatives and interest rate swaps). The Company's policy is to place cash and cash equivalents, and restricted cash with financial institutions evaluated as being creditworthy and are exposed to minimal interest rate and credit risk. The Company may be exposed to credit risk in the event of non-performance by counter parties to derivative instruments. To decrease this risk, the Company limits its exposure in over-the-counter transactions by diversifying among counter parties with high credit ratings, and selects freight derivatives, if any, that clear through the London Clearing House. The Company performs periodic evaluations of the relative credit standing of those financial institutions. In addition the Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition.

f) ***Foreign currency transactions:*** The functional currency of the Company is the U.S. Dollar since its vessels operate in the international shipping markets, and therefore primarily transact business in U.S. Dollars. The Company's books of accounts are maintained in U.S. Dollars. Transactions involving other currencies during the period are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the consolidated balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are converted into U.S. Dollars at the period-end exchange rates. Resulting gains or losses are included in "Interest and other income" in the accompanying consolidated statements of operations.

g) ***Cash and cash equivalents:*** The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less or from which cash is readily available without penalty, to be cash equivalents.

2. Significant Accounting policies – (continued):

h) ***Restricted cash*****:** Restricted cash represents minimum cash deposits or cash collateral deposits required to be maintained with certain banks under the Company's borrowing arrangements or derivative contracts, which are legally restricted as to withdrawal or use. In the event that the obligation to maintain such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets. Otherwise, they are classified as non-current assets.

i) ***Trade accounts receivable, net:*** The amount shown as Trade accounts receivable, net, at each balance sheet date, includes estimated amounts recovered from each voyage or time charter net of any provision for doubtful debts. At each balance sheet date, the Company provides for doubtful accounts on the basis of specific identified doubtful receivables. As of December 31, 2015 and 2016, provision for doubtful receivables was nil.

j) ***Inventories:*** Inventories consist of consumable lubricants and bunkers, which are stated at the lower of cost or market value. Cost is determined by the first in, first out method.

k) ***Vessels, net:*** Vessels are stated at cost, which consists of the purchase price and any material expenses incurred upon acquisition, such as initial repairs, improvements, delivery expenses and other expenditures to prepare the vessel for its initial voyage. Any subsequent expenditure, when it does not extend the useful life of the vessel, increase the earning capacity or improve the efficiency or safety of the vessel, is expensed as incurred.

The cost of each of the Company's vessels is depreciated beginning when the vessel is ready for its intended use, on a straight-line basis over the vessel's remaining economic useful life, after considering the estimated residual value (vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate per ton). Management estimates the useful life of the Company's vessels to be 25 years from the date of initial delivery from the shipyard. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations are adopted.

Effective as of January 1, 2015, following management's reassessment of the residual value of the Company's vessels, the Company increased the estimated scrap rate per light weight tonnage from $0.2 to $0.3. The current value of $0.3 was based on the historical average demolition prices prevailing in the market. The change in this accounting estimate, which pursuant to ASC 250 "Accounting Changes and Error Corrections" was applied prospectively and did not require retrospective application, decreased the depreciation expense and the net loss for the year ended December 31, 2015 by $6,337 or $0.16 loss per basic and diluted share.

l) ***Advances for vessels under construction:*** Advances made to shipyards during construction periods are classified as "Advances for vessels under construction and acquisition of vessels" until the date of delivery and acceptance of the vessel, at which date they are reclassified to "Vessels and other fixed assets, net." Advances for vessels under construction also include supervision costs, amounts paid under engineering contracts, capitalized interest and other expenses directly related to the construction of the vessel or the preparation of the vessel for its initial voyage. Financing costs incurred during the construction period of the vessels are also capitalized and included in the vessels' cost.

m) ***Fair value of above/below market acquired time charter:*** The Company values any asset or liability arising from the market value of the time charters assumed when a vessel is acquired. The value of above or below market acquired time charters is determined by comparing the existing charter rates in the acquired time charter agreements with the market rates for equivalent time charter agreements prevailing at the time the foregoing vessels are delivered. Such intangible asset or liability is recognized ratably as an adjustment to revenues over the remaining term of the assumed time charter.

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2. Significant Accounting policies – (continued):

n) ***Impairment of long-lived assets:*** The Company follows guidance related to the Impairment or Disposal of long-lived assets which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The standard requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use and eventual disposition of the asset is less than its carrying amount, the Company should record an impairment loss to the extent the asset's carrying value exceeds its fair value. Measurement of the impairment loss is based on the fair value. The Company determines the fair value of its assets based on management estimates and assumptions and by making use of available market data and taking into consideration agreed sale prices and third party valuations.

In this respect, the management regularly reviews the carrying amount of the vessels, including newbuilding contracts, on a vessel-by-vessel basis, when events and circumstances indicate that the carrying amount of the vessels or newbuilding contracts might not be recoverable (such as vessel sales and purchases, business plans, obsolescence or damage to the asset and overall market conditions). When impairment indicators are present, the Company compares undiscounted cash flows to the carrying values of the Company's vessels to determine if the assets are impaired. In developing its estimates of future undiscounted net operating cash flows, the Company makes assumptions and estimates about vessels' future performance, with the significant assumptions being related to charter rates, ship operating expenses, vessels' residual value, fleet utilization and the estimated remaining useful lives of the vessels, assumed to be 25 years from the delivery of the vessel from the shipyard. These assumptions are based on current market conditions, historical industry and Company specific trends, as well as future expectations.

The undiscounted projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed vessel days and an estimated daily time charter equivalent rate for the unfixed days over the estimated remaining economic life of each vessel, net of brokerage and address commissions. Estimates of the daily time charter equivalent for the unfixed days are based on the current Forward Freight Agreement ("FFA") rates, for the first three-year period, and historical average rate levels of similar size vessels for the period thereafter. The expected cash inflows from charter revenues are based on an assumed fleet utilization rate of approximately 98% for the unfixed days, taking also into account expected technical off-hire days. In assessing expected future cash outflows, management forecasts vessel operating expenses, which are based on the Company's internal budget for the first annual period and thereafter assume an annual inflation rate of up to 3% (escalating during the first three-year period) and are capped at the tenth year, as well as vessel expected maintenance costs (for dry docking and special surveys). The estimated salvage value of each vessel is $0.3 per light weight ton, in accordance with the Company's vessel depreciation policy. The Company uses a probability weighted approach for developing estimates of future cash flows used to test its vessels for recoverability when alternative courses of action are under consideration (i.e. sale or continuing operation of a vessel). If the Company's estimate of undiscounted future cash flows for any vessel is lower than the vessel's carrying value, the carrying value is written down to the vessel's fair market value with a charge recorded in earnings.

Using the framework for estimating projected undiscounted net operating cash flows described above, the Company completed its impairment analysis for the years ended December 31, 2014, 2015 and 2016, for those operating vessels and newbuildings whose carrying values were above their respective market values. For 2014, no asset impairment was necessary. An impairment loss of $321,978 and $29,221 was recognized for the years ended December 31, 2015 and 2016, respectively, which resulted primarily from the Company's actual and intended vessel sales that are further discussed in Notes 5 and 6.

2. Significant Accounting policies – (continued):

o) ***Vessels held for sale:*** It is the Company's policy to dispose of vessels when suitable opportunities occur. The Company classifies a vessel as being held for sale when all of the following criteria, enumerated under ASC 360 "Property, Plant, and Equipment", are met: (i) management has committed to a plan to sell the vessel; (ii) the vessel is available for immediate sale in its present condition; (iii) an active program to locate a buyer and other actions required to complete the plan to sell the vessel have been initiated; (iv) the sale of the vessel is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year; (v) the vessel is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Vessels classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. The resulting difference, if any, is recorded under "Impairment loss" in the accompanying consolidated statement of operations. The vessels are not depreciated once they meet the criteria to be classified as held for sale. At December 31, 2015 and 2016, there were no vessels that met the criteria to be classified as held for sale.

p) ***Financing costs:*** Effective as of January 1, 2016, fees paid to lenders or required to be paid to third parties on the lenders' behalf for obtaining new loans, senior notes or for refinancing or amending existing loans, are required to be presented on the balance sheet, following the adoption of Accounting Standards Update ("ASU") No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, rather than as a deferred finance charges asset. These costs are expensed as interest and finance costs using the effective interest rate method over the duration of the relevant loan facility. Any unamortized balance of costs relating to debt repaid or refinanced is expensed in the period in which the repayment or refinancing is made, subject to the guidance regarding *Debt Extinguishment*. Any unamortized balance of costs relating to debt refinanced is deferred and amortized over the term of the refinanced debt in the period in which the refinancing occurs. The guidance under ASU 2015-03 also provides that the new classification should be retrospectively applied to prior periods presented in the financial statements. As such, the outstanding balance of deferred finance charges as of December 31, 2015 of $16,037 (previously presented as "Deferred finance charges, net") and December 31, 2016 of $10,496, are reflected as a direct deduction from long term debt, long term lease commitments and the 8.00% 2019 Notes in the accompanying balance sheets as further analyzed in Note 8. The recognition and measurement guidance for debt issuance costs were not affected by the amendments in this update.

q) ***Debt Modifications and extinguishments:*** The Company follows the provisions of ASC 470-50,"Modifications and Extinguishments" to account for all extinguishments of debt instruments, except debt that is extinguished through a troubled debt restructuring (see Subtopic 470-60) or a conversion of debt to equity securities of the debtor pursuant to conversion privileges provided in terms of the debt at issuance (see Subtopic 470-20). This subtopic also provides guidance on whether an exchange of debt instruments with the same creditor constitutes an extinguishment and whether a modification of a debt instrument should be accounted for in the same manner as an extinguishment. In circumstances where an exchange of debt instruments or a modification of a debt instrument does not result in extinguishment accounting, this Subtopic provides guidance on the appropriate accounting treatment.

2. Significant Accounting policies – (continued):

r) ***Stock incentive plan awards:*** Stock based compensation represents the cost of shares and share options granted to employees and to directors, for their services, and is included in “General and administrative expenses” in the consolidated statements of operations. The shares are measured at their fair value equal to the market value of the Company’s common stock on the grant date. The shares that do not contain any future service vesting conditions are considered vested shares and the total fair value of such shares is expensed on the grant date. Guidance related to stock compensation describes two generally accepted methods of recognizing expense for non-vested share awards with a graded vesting schedule for financial reporting purposes: 1) the “accelerated method’’, which treats an award with multiple vesting dates as multiple awards and results in a front-loading of the costs of the award and 2) the “straight-line method’’ which treats such awards as a single award and results in recognition of the cost ratably over the entire vesting period. The shares that contain a time-based service vesting condition are considered non-vested shares on the grant date and a total fair value of such shares is recognized using the accelerated method.

The fair value of share options grants is determined with reference to option pricing models, and depends on the terms of the granted options. The fair value is recognized (generally as compensation expense) over the requisite service period for all awards that vest.

s) ***Dry docking and special survey expenses:*** Dry docking and special survey expenses are expensed when incurred.

t) ***Accounting for revenue and related expenses:*** The Company generates its revenues from charterers for the charterhire of its vessels under time charter agreements, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate, or voyage charter agreements, where a contract is made in the spot market for the use of a vessel for a specific voyage at a specified freight rate per ton.

Under time charter agreements, voyage costs, such as fuel and port charges are borne and paid by the charterer. The Company’s time charter agreements are classified as operating leases. Revenues under operating lease arrangements are recognized when a charter agreement exists, the charter rate is fixed and determinable, the vessel is made available to the lessee and collection of the related revenue is reasonably assured. Revenues are recognized ratably on a straight line basis over the period of the respective charter agreement in accordance with guidance related to leases.

Revenue from voyage charter agreements is recognized on a pro-rata basis over the duration of the voyage. Under voyage charter agreements, all voyage costs are borne and paid by the Company. Demurrage income, which is included in voyage revenues, represents payments by the charterer to the vessel owner when loading or discharging time exceeds the stipulated time in the voyage charter agreements and is recognized when an arrangement exists, services have been performed, the amount is fixed or determinable and collection is reasonably assured. Deferred revenue includes cash received prior to the balance sheet date and is related to revenue to be earned after such date. The portion of the deferred revenue that will be earned within the next twelve months is classified as current liability and the remaining (if any) as long term liability.

For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of voyage expenses and expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company’s vessels, is determined in accordance with an agreed-upon formula, which is determined by points awarded to each vessel in the pool (based on the vessel’s age, design, consumption and other performance characteristics) as well as the time each vessel has spent in the pool. Revenue under pooling arrangements is accounted for on an accrual basis and is recognized when an agreement with the pool exists, the price is fixed, services are provided and collectability of the revenue is reasonably assured.

2. Significant Accounting policies – (continued):

t) *Accounting for revenue and related expenses – (continued):*

Vessel operating expenses include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes, regulatory fees, technical management fees and other miscellaneous expenses. Payments in advance for services are recorded as prepaid expenses.

Voyage expenses consist of bunker consumption, port expenses and agency fees related to the voyage.

Brokerage commissions are paid by the Company. Brokerage commissions are recognized over the related charter period and included in voyage expenses. Voyage expenses and vessel operating expenses are recognized as incurred.

In addition expenses related to the chartering-in of vessels owned by third parties are recognized on a pro-rata basis over the duration of the voyage, and are included in voyage expenses, except for the hire expense for chartering-in the respective vessels, which is included within “Charter in hire expense” in the consolidated statement of operations.

u) ***Fair value measurements:*** The Company follows the provisions of ASC 820, “Fair Value Measurements and Disclosures” that defines and provides guidance as to the measurement of fair value. ASC 820 creates a hierarchy of measurement and indicates that, when possible, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets and the lowest priority (Level 3) to unobservable data, for example, the reporting entity’s own data. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy (Note 18).

v) ***Earnings/ (loss) per share:*** Earnings or loss per share are computed in accordance with guidance related to Earnings per Share. Basic earnings or loss per share are calculated by dividing net income or loss available to common shareholders by the basic weighted average number of common shares outstanding and vested during the period. Diluted earnings per share reflect the potential dilution that would occur assuming that common shares were issued for the exercise of outstanding in-the-money warrants and non-vested shares and the hypothetical proceeds, including proceeds from warrant exercise and average unrecognized stock-based compensation cost thereof, were used to purchase common shares at the average market price during the period such warrants and non-vested shares were outstanding (Note 13).

w) ***Segment reporting:*** The Company reports financial information and evaluates its operations and operating results by total charter revenues and not by the type of vessel, length of vessel employment, customer or type of charter. As a result, management, including the Chief Operating Officer, who is the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet, and thus, the Company has determined that it operates under one reportable segment, that of operating dry bulk vessels. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide, subject to restrictions as per the charter agreement, and, as a result, the disclosure of geographic information is impracticable.

2. Significant Accounting policies – (continued):

x) ***Accounting for leases:*** Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line method over the lease term. As of December 31, 2015 and 2016, the Company held no operating lease arrangements acting as lessee other than its office leases and an operating lease arrangement for one Supramax vessel (Note 5).

Leases of vessels are classified as capital leases when they satisfy the criteria for capital lease classification under ASC 840, "Leases." As of December 31, 2015 and 2016 the Company was the lessee under certain capital lease arrangements as further discussed in Notes 5 and 6. Capital leases are capitalized at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between liability and finance charges to achieve a constant rate on the capital balance outstanding. The interest incurred under a capital lease is included within "Interest and finance costs" in the consolidated statement of operations. The depreciation of vessels under capital lease is included within "Depreciation" in the consolidated statement of operations.

When the ownership of a vessel is transferred at the end of the lease, or there is a bargain purchase option, the vessel is depreciated on a straight-line basis over its useful life as if the vessel was owned. Otherwise, vessels under capital lease are depreciated on a straight-line basis over the term of the lease.

Pursuant to the provisions of the ASC 840, "Leases", in cases of changes in the contractual terms, the Company reassesses its conclusions for the accounting of the subject leases.

y) ***Derivatives:*** The Company enters into derivative financial instruments to manage risk related to fluctuations of interest rates. In case the instruments are eligible for hedge accounting, at the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy undertaken for the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting exposure to changes in the hedged item's cash flows attributable to the hedged risk. A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction that could affect profit or loss. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed at each reporting date to determine whether they actually have been highly effective throughout the financial reporting periods for which they were designated. All derivatives are recorded on the balance sheet as assets or liabilities and are measured at fair value. The valuation of interest rate swaps is based on Level 2 observable inputs of the fair value hierarchy such as interest rate curves. For derivatives designated as cash flow hedges, the effective portion of the changes in their fair value is recorded in Accumulated other comprehensive income / (loss) and is subsequently recognized in earnings, under "Interest and finance costs" when the hedged items impact earnings, while the ineffective portion, if any, is recognized immediately in current period earnings under "Gain / (Loss) on derivative financial instruments, net."

2. Significant Accounting policies – (continued):

y) *Derivatives – (continued)*

The changes in the fair value of derivatives not qualifying for hedge accounting are recognized in earnings. The Company discontinues cash flow hedge accounting if the hedging instrument expires or is sold, terminated or exercised and it no longer meets all the criteria for hedge accounting or if the Company de-designates the instrument as a cash flow hedge. At that time, any cumulative gain or loss on the hedging instrument recognized in equity remains in equity until the forecasted transaction occurs or until it becomes probable of not occurring. When the forecasted transaction occurs, any cumulative gain or loss on the hedging instrument is recognized in earnings. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is reclassified to earnings for the year. Following the hedging designations made during the third quarter of 2014 (Note 18), all of the Company's interest rates swaps effective as of December 31, 2014 were designated as accounting hedges. Only four out of the nine of the Company's interest rate swaps effective as of December 31, 2015 and 2016 remained designated as accounting hedges as of those dates.

In addition, from time to time, the Company may take positions in derivative instruments including freight forward agreements, or FFAs. Generally, FFAs and other derivative instruments may be used to hedge a vessel owner's exposure to the charter market for a specified route and period of time. Upon settlement, if the contracted charter rate is less than the average of the rates for the specified route and time period, as reported by an identified index, the seller of the FFA is required to pay the buyer an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Based on this, the value of all open positions at each reporting date is measured (Level 2). Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. FFAs are intended to serve as an economic hedge for the Company's vessels that are being chartered in the spot market, effectively locking-in an approximate amount of revenue that the Company expects to receive from such vessels for the relevant periods. The Company's FFAs do not qualify for hedge accounting and therefore gains or losses are recognized in the accompanying consolidated statements of operations under "(Gain)/Loss on forward freight agreements."

z) ***Taxation*****:** The Company follows the provisions of ASC 740-10, "Accounting for Uncertainty in Income Taxes" which clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

2. Significant Accounting policies – (continued):

aa) Recent accounting pronouncements – not yet adopted:

Revenue from Contracts with Customers ("Topic 606"): In May and April 2016, the FASB issued two Updates with respect to Topic 606: ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing" and ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients." The amendments in these Updates do not change the core principle of the guidance in Topic 606, which is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in each contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in each contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The amendments in Update 2016-10 clarify the following two aspects of Topic 606: (a) identifying performance obligations and (b) licensing implementation guidance. The amendments in Update 2016-12 similarly affect only certain narrow aspects of Topic 606, including, (i) "Assessing the Collectibility Criterion in Paragraph 606-10-25-1(e) and Accounting for Contracts That Do Not Meet the Criteria for Step 1 (Applying Paragraph 606-10-25-7)," (ii) "Presentation of Sales Taxes and Other Similar Taxes Collected from Customers," (iii) "Noncash Consideration," (iv) "Contract Modifications at Transition," (v) "Completed Contracts at Transition," and (vi) "Technical Correction." The amendments in these Updates also affect the guidance in Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), which is not yet effective. In December 2016, the FASB also issued ASU 2016-20, "*Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*". The amendments in the latest Update 2016-20 represent changes to make minor corrections/improvements to the Codification that are not expected to have a significant effect on current accounting practice. The effective date and transition requirements for the amendments in these Updates are the same as the effective date and transition requirements in Topic 606 (and any other Topic amended by Update 2014-09). Accounting Standards Update 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," has deferred the effective date of Update 2014-09 for public business entities to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted. The new revenue standard may be applied using either of the following transition methods: (1) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (2) a modified retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption (which includes additional footnote disclosures). Presently, the Company is in the process of evaluating the impact of the standard and of reviewing historical contracts to quantify the impact that the adoption of these ASUs, on January 1, 2018, will have on its financial statements and accompanying notes. While the Company is not yet in a position to quantify these effects as part of its preliminary assessment, the Company currently anticipates adopting the standard using the modified retrospective method.

Simplifying the Measurement of Inventory: In July 2015, the FASB issued ASU No. 2015-11, "*Simplifying the measurement of inventory*." ASC 330, "Inventory", currently requires an entity to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. The amendments in ASU 2015-11 require an entity to measure inventory within the scope of ASU 2015-11 at the lower of cost and net realizable value. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The amendments in ASU 2015-11 are to be applied prospectively, with earlier application permitted as of the beginning of an interim or annual reporting period. While the Company has not yet adopted ASU 2015-11, its adoption is not expected to have a material effect on the Company's financial statements and accompanying notes.

2. Significant Accounting policies – (continued):

aa) Recent accounting pronouncements – not yet adopted – (continued):

Leases: In February 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases (Topic 842)." ASU 2016-02 will apply to both types of leases – capital (or finance) leases and operating leases. According to the new Accounting Standard, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with term of more than 12 months. ASU 2016 – 02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

Derivatives and Hedging: In March 2016, the FASB issued ASU 2016-05, "Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships," which clarifies that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship, provided that all other hedge accounting criteria (including those in paragraphs 815-20-35-14 through 35-18) continue to be satisfied. For public companies, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. An entity may apply the amendments in this Update on a prospective basis or on a modified retrospective basis, as defined in the Update. The adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements and accompanying notes.

Investments - Equity Method and Joint Ventures: In March 2016, the FASB issued ASU 2016-07, "Investments - Equity Method and Joint Ventures (Topic 323)" ("ASU 2016-07"), which simplifies the accounting for equity method investments by removing the requirement that an entity retroactively adopt the equity method of accounting if an investment qualifies for use of the equity method as a result of an increase in the level of ownership or degree of influence. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. ASU 2016-07 is effective for fiscal years beginning after December 15, 2016, and interim periods within those years, and must be applied prospectively. Early adoption is permitted. The adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements and accompanying notes.

Compensation-Stock Compensation - Improvements to Employee Share-Based Payment Accounting: In March 2016, the FASB issued ASU 2016-09, "Compensation-Stock Compensation - Improvements to Employee Share-Based Payment Accounting (Topic 718)" ("ASU 2016-09"), which involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Under the new standard, all excess income tax benefits and deficiencies are to be recognized as income tax expense or benefit in the income statement and the tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. An entity should also recognize excess tax benefits regardless of whether the benefit reduces taxes payable in the current period. Excess tax benefits should be classified along with other income tax cash flows as an operating activity. With regard to forfeitures, the entity may make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016 including interim periods within that reporting period. Early adoption is permitted. The adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements and accompanying notes.

2. Significant Accounting policies – (continued):

aa) Recent accounting pronouncements – not yet adopted – (continued):

Financial Instruments – Credit Losses (Topic 326): In June 2016, the FASB issued ASU No. 2016-13– Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For public entities, the amendments of this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted. The Company is in the process of assessing the impact of the amendment of this Update on the Company's consolidated financial position and performance.

Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments: In August 2016, the FASB issued ASU No. 2016-15-Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments which addresses the following eight specific cash flow issues with the objective of reducing the existing diversity in practice: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (COLIs) (including bank-owned life insurance policies (BOLIs)); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017 including interim periods within that reporting period, however early adoption is permitted. The Company is currently evaluating the provisions of this guidance and assessing its impact on its consolidated financial statements and notes disclosures.

Statement of Cash Flows (230) - Restricted Cash: In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (230): Restricted Cash". The amendments in this Update require that a statement of cash flows explain the change during the period in the total amount of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. Other than the presentation effects, the adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements and accompanying notes.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

3. Transactions with Related Parties

Transactions and balances with related parties are analyzed as follows:

	2015	2016
Assets		
Oceanbulk Maritime S.A. and its affiliates (d)	$ 1,209	$ 922
Total Assets	**$ 1,209**	**$ 922**
Liabilities		
Interchart Shipping Inc. (a)	$ 8	$ -
Combine Marine Ltd (c)	9	-
Oceanbulk Maritime S.A. and its affiliates (d)	33	26
Management and Directors Fees (b)	315	323
Managed Vessels of Oceanbulk Shipping LLC (e)	7	7
Oceanbulk Sellers (Note 16.2)	50	-
Total Liabilities	**$ 422**	**$ 356**

Statements of Operations

	2014	2015	2016
Executive directors consultancy fees (b)	$ (1,516)	$ (633)	$ (496)
Non-executive directors compensation (b)	(191)	(160)	(148)
Office rent - Combine Marine Ltd. (c)	(42)	(35)	(34)
Voyage expenses-Interchart (a)	(1,997)	(3,350)	(3,300)
Management fee expense - Oceanbulk Maritime S.A. (d)	(158)	-	-
Management fee expense - Maryville Maritime Inc. (j)	(35)	(451)	-
Interest on Excel Vessel Bridge Facility (h)	(1,659)	(220)	-
Management fee income - Oceanbulk Maritime S.A. (d)	188	-	-
Management fee income - Managed Vessels of Oceanbulk Shipping LLC (e)	1,390	-	-
Management fee income Product Shipping & Trading S.A. (f)	62	-	-

3. Transactions with Related Parties – (continued):

a) Interchart Shipping Inc. or Interchart: On February 25, 2014, the Company acquired 33% of the total outstanding common stock of Interchart for total consideration of $200 in cash and 4,520 of the Company's common shares (adjusted for the June 2016 Reverse Split). The common shares were issued on April 1, 2014, and the fair value per share of $72.55 (adjusted for the June 2016 Reverse Split) was determined by reference to the per share closing price of the Company's common shares on the issuance date. The ownership interest was purchased from an entity affiliated with family members of Company's Chief Executive Officer, including the Company's former director Mrs. Milena-Maria Pappas. This investment is accounted for as an equity method investment.

On February 25, 2014, the Company also entered into a services agreement (the "Services Agreement") with Interchart, for chartering, brokering and commercial services for all the Company's vessels for an annual fee of €500,000 ($525, using the exchange rate as of December 31, 2016, which was $1.05 per euro). This fee is adjustable for changes in the Company's fleet pursuant to the terms of the Services Agreement. Before the Services Agreement, Interchart acted as chartering broker of all the Company's vessels on an agreed upon basis. Under the Services Agreement, all previously agreed upon brokerage commissions due to Interchart were cancelled retroactively from January 1, 2014.

In November 2014, the Company entered into a new services agreement with Interchart for chartering, brokering and commercial services for all of the Company's vessels for a monthly fee of $275, with a term until March 31, 2015, which following recurring renewals is currently effective until December 31, 2017. The agreement is effective from October 1, 2014, and on the same date the previous agreement dated February 25, 2014, was terminated.

During the years ended December 31, 2014, 2015 and 2016 the brokerage commissions charged by Interchart were $1,997, $3,350 and $3,300, respectively, and are included in "Voyage expenses" in the accompanying consolidated statements of operations. As of December 31, 2015 and 2016, the Company had outstanding payables of $8 and $0, respectively, to Interchart.

b) Management and Directors Fees: During 2011 the Company entered into consulting agreements with companies owned and controlled by each of the then Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. These agreements had a term of three years unless terminated earlier in accordance with their terms, except for the consultancy agreement with the entity controlled by the Company's then Chief Operating Officer which provided for an indefinite term (terminable by either party with one month's notice). In addition, on May 3, 2013, the Company entered into separate renewal consulting agreements with the companies controlled by the Company's then Chief Executive Officer and Chief Financial Officer. Additionally, pursuant to the aforementioned agreements, the entities controlled by the Company's then Chief Executive Officer and Chief Financial Officer were entitled to receive an annual discretionary bonus, as determined by the Company's Board of Directors in its sole discretion. Finally, the entity controlled by the then Chief Executive Officer was entitled to receive a minimum guaranteed incentive award of 5,600 shares of common stock (adjusted for the June 2016 Reverse Split). These shares vested in three equal annual installments, the first installment of 1,866 shares vested on February 7, 2012, the second installment of 1,867 shares vested on February 7, 2013 and the last installment of 1,867 shares vested on February 7, 2014. The minimum guaranteed incentive award of 5,600 shares of the Company's stock was also renewed as part of the renewal of the consultancy agreement incurred between the Company and the company controlled by the former Chief Executive Officer with the new shares vesting in three equal annual installments, the first installment of 1,866 shares vested on May 3, 2014, the second installment of 1,867 shares would vest on May 3, 2015 and the last installment of 1,867 shares would vest on May 3, 2016.

3. Transactions with Related Parties – (continued):

b) Management and Directors Fees – (continued):

In connection with the July 2014 Transactions, the Company's former Chief Executive Officer resigned as Chief Executive Officer and remains with the Company as Non-Executive Chairman. On July 31, 2014, the Company entered into an agreement to terminate the consultancy agreement with the company owned by the former Chief Executive Officer and made a severance payment of €664,000 (approximately $890, using the exchange rate as of July 31, 2014, which was $1.34 per euro) of cash and 33,768 common shares (adjusted for the June 2016 Reverse Split), which were issued on the same date. As a result of the termination agreement, the second and the third installments of the former Chief Executive Officer's minimum guaranteed incentive award, under his renewed consultancy agreement, of 1,867 shares, each, which would have been vested on May 3, 2015 and 2016, respectively, were cancelled.

Following the completion of the Merger, on December 17, 2014, the Company entered into consulting agreements with companies owned and controlled by each one of the new Chief Operating Officer and the new co-Chief Financial Officer. These agreements have a term of three years unless terminated earlier in accordance with their terms. Pursuant to the corresponding agreements, the entities controlled by the new Chief Operating Officer and the new co-Chief Financial Officer are entitled to receive an annual discretionary bonus, as determined by the Company's Board of Directors in its sole discretion. On May 19, 2015, the Company entered into an addendum to the consultancy agreements with the companies owned and controlled by each one of the new Chief Operating Officer and the co-Chief Financial Officers, amending the consultancy fee payable by the Company, effective as of January 1, 2015.

Pursuant to all aforementioned agreements, effective as of December 31, 2016, the Company is required to pay an aggregate base fee at an annual rate of $496 (this amount is the sum of all consulting fees in USD and Euro, using the exchange rate as of December 31, 2016, which was $1.05 per euro), under the relevant consultancy agreements.

The expenses related to the Company's executive officers for the years ended December 31, 2014, 2015 and 2016, including the severance cash payment in 2014 to the Company's former Chief Executive Officer were $1,516, $633 and $496, respectively, and are included under "General and administrative expenses" in the accompanying consolidated statements of operations. The related expenses of non-executive directors for the years ended December 31, 2014, 2015 and 2016 were $191, $160 and $148, respectively, and are included under "General and administrative expenses" in the accompanying consolidated statements of operations. As of December 31, 2015 and 2016, the Company had outstanding payables of $315 and $323, respectively, to its executive officers and directors and non-executive directors, representing unpaid consulting fees and unpaid fees for their participation in the Company's Board of Directors and other special committees.

c) Combine Marine Ltd.: On January 1, 2012, Starbulk S.A., entered into a one year lease agreement for office space with Combine Marine Ltd., a company controlled by one of the then Company's directors, Mrs. Milena - Maria Pappas and by Mr. Alexandros Pappas, both of whom are children of Mr. Petros Pappas, the Company's current Chief Executive Officer and then Company's Chairman. The lease agreement provides for a monthly rental of €2,500 (approximately $2.6, using the exchange rate as of December 31, 2016, which was $1.05 per euro). On January 1, 2013, the agreement was renewed, and, unless terminated by either party, it will expire in January 2024. The related rent expense for the years ended December 31, 2014, 2015 and 2016 was $42, $35 and $34, respectively, and is included under "General and administrative expenses" in the accompanying consolidated statements of operations. As of December 31, 2015 and 2016, the Company had outstanding payables of $9 and $0, respectively, from Combine Marine Ltd.

3. Transactions with Related Parties – (continued):

d) Oceanbulk Maritime S.A.: Oceanbulk Maritime S.A. ("Oceanbulk Maritime") is a ship management company controlled by the Company's former director Mrs. Milena-Maria Pappas.

On November 25, 2013, the Company's Board of Directors approved a commission payable to Oceanbulk Maritime with respect to its involvement in the negotiations with the shipyards for nine of the Company's contracted newbuilding vessels (Note 6). The agreement provides for a commission of 0.5% of the shipbuilding contract price for two newbuilding Capesize vessels (*Star Aries* (ex-HN 1338) and *Star Taurus* (ex-HN 1339) and three newbuilding Newcastlemax vessels (HN 1342 (tbn *Star Gemini*), HN 1343 (tbn *Star Leo*) and *Star Poseidon* (ex-HN NE 198) and a flat fee of $200 per vessel for four newbuilding Ultramax vessels *Star Aquarius* (ex-HN 5040), *Star Pisces* (ex-HN 5043), *Star Antares* (ex-HN NE 196) and *Star Lutas* (ex-HN NE 197), for a total commission of $2,077. The Company agreed to pay the commission in four equal installments. The first two installments were paid in cash, while the remaining two installments were paid in the form of common shares, the number of which depended on the price of the Company's common shares on the date of the two remaining installments. The first and the second installments of $519, each, were paid in cash in December 2013 and in April 2014, respectively. On October 28, 2015 and in September 9, 2016, the Company issued 34,234 shares (adjusted for the June 2016 Reverse Split) and 138,453 shares representing the third and fourth installment, respectively, the fair value per share was determined by reference to the per share closing price of the Company's common shares on the issuance date. An amount of $280 and $533 was capitalized to "Advances for vessel under construction and acquisition of vessels" and "Vessels and other fixed assets, net" during the years ended December 31, 2015 and 2016, respectively.

On March 22, 2014, Starbulk S.A. entered into an agreement with Oceanbulk Maritime, under which certain management services, including crewing, purchasing, arranging insurance, vessel telecommunications and master general accounts supervision, were provided to certain dry bulk vessels, which were under the management of Oceanbulk Maritime up to December 31, 2014. Pursuant to the terms of this agreement, Starbulk S.A. received a fixed management fee of $0.17 per day, per vessel, which as of June 1, 2014, was changed to $0.11 per day, per vessel, based on an addendum signed on May 22, 2014. The related income for the year ended December 31, 2014, was $188 and was included under "Management fee income" in the accompanying consolidated statement of operations.

Following the completion of the Merger and the Pappas Transaction, the Company owned the vessels *Magnum Opus* and *Tsu Ebisu*, until their sale in the first quarter of 2016. Both vessels were managed by Oceanbulk Maritime prior to the Merger and continued to be managed by Oceanbulk Maritime after the Merger, until September and August 2014, respectively. The related expense for the year ended December 31, 2014, was $158 and is included under "Management fee expense" in the accompanying consolidated statement of operations.

Oceanbulk Maritime provided performance guarantees under the bareboat charter agreements relating to the shipbuilding contracts for the vessels *Roberta* (ex-HN 1061), *Laura* (ex-HN 1062), *Idee Fixe* (ex-HN 1063) and *Kaley (*ex-HN 1064). Such performance guarantees had been counter-guaranteed by Oceanbulk Carriers. Following the completion of the Merger, in September, 2014, Star Bulk provided counter-guarantees to Oceanbulk Maritime S.A. in exchange for the counter-guarantees provided by Oceanbulk Carriers. The vessels were delivered to the Company in 2015.

3. Transactions with Related Parties – (continued):

d) Oceanbulk Maritime S.A. – (continued):

In addition, Oceanbulk Maritime also provided performance guarantees under the shipbuilding contracts for the vessels *Deep Blue* (ex-HN 5017), *Behemoth* (ex-HN 5055-JMU), *Megalodon* (ex-HN 5056-JMU), *Honey Badger* (ex-HN NE 164), *Wolverine* (ex-HN NE 165), *Gargantua* (ex-HN NE 166), *Goliath* (ex-HN NE 167) and *Maharaj* (ex-HN NE 184). Prior to the Merger, all of the performance guarantees were counter-guaranteed by Oceanbulk Shipping. Following the completion of the Merger, on September 20, 2014 Star Bulk provided counter-guarantees to Oceanbulk Maritime in exchange for the counter-guarantees provided by Oceanbulk Shipping. These vessels were delivered to the Company in early 2016 at which time the aforementioned guarantees terminated.

As of December 31, 2015 and 2016, the Company had outstanding receivables of $1,209 and $922 from Oceanbulk Maritime and its affiliates, respectively. The outstanding balance as of December 31, 2015 and 2016 includes an amount of $850 and $415, respectively, which represents supervision cost for certain newbuilding vessels managed by Oceanbulk Maritime and paid by the Company. In addition, as of December 31, 2015 and 2016, the Company had an outstanding payable of $33 and $26 respectively, to Oceanbulk Maritime and its affiliates.

e) **Managed vessels of Oceanbulk Shipping:** Prior to the Merger, Starbulk S.A. had entered into vessel management agreements with certain ship-owning companies owned and controlled by Oceanbulk Shipping (Note 1). Pursuant to the terms of these agreements, Starbulk S.A. received a fixed management fee of $0.75 per day, per vessel. These management agreements were terminated on July 11, 2014, the date of the Merger. The related income for the year ended December 31, 2014, was $1,390, and is included under “Management fee income” in the accompanying consolidated statements of operations. As of December 31, 2015 and 2016, the Company had an outstanding payable of $7 and $7, respectively, to Maiden Voyage LLC, previous owner of the vessel *Maiden Voyage*, one of the vessels of Oceanbulk Shipping.

f) **Product Shipping & Trading S.A.:** Product Shipping & Trading S.A. is an entity controlled by family members of the Company’s ex-Chairman and current Chief Executive Officer, Mr. Petros Pappas. On June 7, 2013, Starbulk S.A. entered into an agreement with Product Shipping & Trading S.A., under which the Company provided certain management services including crewing, purchasing and arranging insurance to the vessels under the management of Product Shipping & Trading S.A. Pursuant to the terms of this agreement, Starbulk S.A. received a fixed management fee of $0.13 per day, per vessel. In October, 2013 the Company decided to gradually cease providing the above mentioned services to the vessels managed by Product Shipping &Trading S.A., except for arranging insurance services, and as a result, the management fee decreased to $0.02 per day, per vessel, and effective July 1, 2014, the agreement was terminated. The related income for the year ended December 31, 2014 was $62, and is included under “Management fee income” in the accompanying consolidated statement of operations. As of December 31, 2015 and 2016, the Company had no outstanding receivables or payables with Product Shipping & Trading S.A.

g) **Oaktree Shareholder Agreement:** As a result of the Merger, on July 11, 2014, Oaktree became the beneficial owner of approximately 61.3% of the Company’s then outstanding common shares. At the closing of the July 2014 Transactions, the Company and Oaktree entered into a shareholders agreement (the “Oaktree Shareholders Agreement”). Under the Oaktree Shareholders Agreement, Oaktree has the right to nominate four of the Company’s nine directors so long as it beneficially owns 40% or more of the Company’s outstanding voting securities. The number of directors able to be designated by Oaktree is reduced to three directors if Oaktree beneficially owns 25% or more but less than 40% of the Company’s outstanding voting securities, to two directors if Oaktree beneficially owns 15% or more but less than 25%, and to one director if Oaktree beneficially owns 5% or more but less than 15%. Oaktree’s designation rights terminate if it beneficially owns less than 5% of the Company’s outstanding voting securities.

3. Transactions with Related Parties – (continued):

g) Oaktree Shareholder Agreement – (continued):

Therefore, in July 2014 and in connection with the July 2014 Transactions, the Company's Board of Directors, increased the number of directors constituting the Board of Directors to nine. The three directors currently designated by Oaktree are Messrs. Pappas and Balakrishnan and Ms. Box, while Oaktree retains the right to name an additional director under the Oaktree Shareholders Agreement. Under the Oaktree Shareholders Agreement, with certain limited exceptions, Oaktree effectively cannot vote more than 33% of the Company's outstanding common shares (subject to adjustment under certain circumstances).

h) Excel Transactions: As discussed in detail in Note 1, on August 19, 2014, the Company entered into the Excel Transactions. The principal shareholders of Excel were Oaktree and Angelo Gordon, none of which though, on its own, was deemed to have control on Excel's strategy and operations either by means of holding equity interests, control of Excel's board of directors or other type of arrangement indicating a parent-subsidiary relationship. Therefore the Company concluded that the Excel Transactions were not transactions under common control. Nevertheless, due to Oaktree's relationship with the Company and the relationship of Oaktree to Excel, the Company concluded that the Excel Transactions, including the acquisition of the Excel Vessels and the conclusion of the Excel Vessel Bridge Facility (Note 8), should be treated as related party transactions for purposes of its financial statements presentation and disclosure. The Excel Vessel Bridge Facility was fully repaid in January 2015. Interest expense incurred for the years ended December 31, 2014 and 2015, amounted to $1,659 and $220, respectively.

i) Acquisition of Heron Vessels: Following the completion of the Merger, as further discussed in Note 1, on November 11, 2014, the Company entered into two separate agreements to acquire from Heron the vessels *Star Gwyneth (ex-ABYO Gwyneth*) and *Star Angelina (ex-ABYO Angelina)*, which were delivered to the Company on December 5, 2014 (Note 5).

j) Management agreement with Maryville Maritime Inc.: Three of the Excel Vessels (*Star Martha (ex- Christine)*, *Star Pauline (ex-Sandra)* and *Star Despoina (ex-Lowlands Beilun)*, which were acquired with attached time charters, were managed by Maryville Maritime Inc. ("Maryville"), a subsidiary of Excel from the date of their delivery to the Company up to the expiration of their attached time charters. As described in Note 3(h) above, due to Oaktree's relationship with Excel, the Company concluded that the management agreement with Maryville should be treated as a related party transaction for purposes of its financial statements presentation and disclosure. Maryville managed two of the vessels until August 2015 and one until November 2015, when each of their existing time charters expired. The Company paid Maryville a monthly fee of $17.5 per vessel. Total management fee expense to Maryville for the years ended December 31, 2014 and 2015 was $35 and $451, respectively and is included in "Management fees" in the accompanying consolidated statements of operations.

k) Sydelle Marine Ltd.: Sydelle Marine Limited ("Sydelle"), a company controlled by members of Mr. Pappas family, is a party to a Contract of Affreightment (the "Contract") with a third party charterer for a vessel currently under construction (the "Sydelle Vessel"). Pursuant to an assignment agreement, dated as of May 7, 2016, between Sydelle and a subsidiary of Star Bulk (the "Assignment Agreement"), Sydelle has assigned its rights and obligations under the Contract to the Company until the completion of the construction and the delivery of the Sydelle Vessel to the third party charterer, expected in April 2017. During the assignment period, the Contract is being performed by the vessel *Star Libra* and the respective revenue is earned by the Company.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

4. Inventories:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	2015	2016
Lubricants	$ 7,438	$ 6,629
Bunkers	6,809	7,905
Total	**$ 14,247**	**$ 14,534**

5. Vessels and other fixed assets, net:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	2015	2016
Cost		
Vessels	$ 2,025,688	$ 2,037,737
Other fixed assets	1,810	1,898
Total cost	2,027,498	2,039,635
Accumulated depreciation	(269,946)	(332,426)
Vessels and other fixed assets, net	**$ 1,757,552**	**$ 1,707,209**

Vessels acquired / disposed during the year ended December 31, 2014

Acquisition of secondhand and delivery of newbuilding vessels:

On January 24, 2014, the Company entered into two agreements to acquire from Glocal Maritime Ltd, or “Glocal”, an unaffiliated third party, two 98,000 dwt Post-Panamax vessels, *Star Vega* and *Star Sirius*, built 2011. The vessels *Star Vega* and *Star Sirius*, were delivered to the Company on February 13, 2014 and March 7, 2014, respectively. The vessels, upon their delivery, were chartered back to Glocal for a daily rate of $15, until August 2016 and June 2016, respectively.

Following the completion of the Merger and the Pappas Transaction discussed in Note 1, the Company became the owner of 13 operating vessels, the fair value of which following the purchase price allocation was estimated at $426,000 (based on Level 2 inputs of the fair value hierarchy). In addition, on July 22, 2014 and on September 19, 2014, the Company took delivery of the vessels *Peloreus andLeviathan*, respectively, two Capesize vessels with a capacity of 182,000 dwt each, built by the Japan Marine United Corporation, or JMU shipyard. The newbuilding contracts for those vessels had been acquired by the Company as part of the Merger. The delivery installment payment of $34,625 for each vessel was partially financed by $32,500 drawn for each vessel under a loan facility with Deutsche Bank AG (Note 8).

5. Vessels and other fixed assets, net – (continued):

Pursuant to the Excel Transactions discussed in Note 1, as of December 31, 2014, 28 out of the 34 Excel Vessels had been transferred to the Company, for an aggregate consideration of 5,131,885 common shares (adjusted for the June 2016 Reverse Split) and $248,751 in cash, or a total cost of $501,535, including time charters attached (Note 7). The Company used cash on hand, together with borrowings under various credit facilities, to pay the cash consideration for the Excel Vessels, as further discussed in Note 8.

As further discussed in Note 3, on November 11, 2014, the Company entered into two separate agreements with Heron to acquire the vessels *Star Gwyneth* (*ex-ABYO Gwyneth*) and *Star Angelina* (*ex-ABYO Angelina*), which were delivered to the Company on December 5, 2014. The cost for the acquisition of these vessels was determined based on the fair value of the 423,141 common shares issued on July 11, 2014, in connection with the Heron Transaction, of $25,080 (Level 1) and the amount of $25,000 financed by the Heron Vessels Facility (Note 8), according to the provisions of the Merger Agreement with respect to these acquisitions, as further discussed in Note 16.2.

Sale of vessels:

On December 17, 2014, the Company entered into an agreement with a third party to sell the vessel *Star Kim*. The sale was completed on January 21, 2015 when the vessel was delivered to its new owner. As of December 31, 2014, the Company had received an advance payment from the buyers amounting to $1,100, which is included under “Advances from sale of vessel” in the accompanying consolidated balance sheet as of December 31, 2014.

Vessels acquired / disposed during the year ended December 31, 2015

Delivery of newbuilding vessels:

(i) On January 8, 2015, the Company took delivery of the vessel *Indomitable* (ex-HN 5016), for which it had previously made a payment of $34,942 in December 2014. To partially finance the delivery installment of the *Indomitable*, the Company drew down $32,480 under the BNP $32,480 Facility (Note 8).

(ii) On February 27, 2015, the Company took delivery of the vessels *Honey Badger* (ex-HN 164) and *Wolverine* (ex-HN 165), for which the Company paid delivery installments of $19,422 each. On March 13, 2015, the Company drew down $38,162 for the financing of both the *Honey Badger* and the *Wolverine* under the Sinosure Facility (Note 8).

(iii) On March 25, March 31, April 7, and June 26, 2015, the Company took delivery of the Ultramax vessels *Idee Fixe* (ex-HN 1063), *Roberta* (ex-HN 1061), *Laura* (ex-HN 1062) and *Kaley* (ex-HN1064), respectively, which are all subject to separate bareboat charter agreements with Jiangsu Yangzijiang Shipbuilding Co. Ltd. (“New Yangzijiang”). As further discussed below, the Company accounts for these bareboat charter agreements as capital leases.

(iv) On April 2, 2015, the Company took delivery of the Newcastlemax vessel *Gargantua* (ex-HN 166). On July 15, 2015, the Company took delivery of the Newcastlemax vessels Goliath (ex-HN 167) and Maharaj (ex-HN 184). The delivery installments of $113,046 in aggregate for the respective vessels, were partially financed by $93,000 drawn down under the DNB-SEB-CEXIM $227,500 Facility (Note 8).

(v) On May 27, 2015, the Company took delivery of the Capesize vessel *Deep Blue* (ex-HN 5017). The delivery installment of $34,982 was partially financed by $28,680 drawn under the DVB $31,000 Deep Blue Facility (Note 8).

5. Vessels and other fixed assets, net – (continued):

(vi) On July 22, 2015 and on August 7, 2015, the Company took delivery of the Ultramax vessels *Star Aquarius* (ex-HN 5040) and *Star* Pisces (ex-HN5043). The delivery installments of $20,359 and $20,351, respectively, were partially financed by $15,237 drawn for each vessel, under the NIBC $32,000 Facility (Note 8) for each vessel.

(vii) On October 9, 2015, the Company took delivery of the Ultramax vessel *Star Antares* (ex-HN 196). The delivery installment of $19,770 was partially financed by $16,738 drawn under the Sinosure Facility (Note 8).

Acquisition of secondhand vessels:

During the year ended December 31, 2015, the remaining six of the Excel Vessels (*Star Nina* (ex-*Iron Kalypso*), *Star Nicole* (ex-*Elinakos*), *Star Claudia* (ex-*Happyday*), *Star Monisha* (ex-*Iron Beauty*), *Rodon* and *Star Jennifer* (ex-*Ore Hansa*) were delivered to the Company in exchange for 851,577 common shares (adjusted for the June 2016 Reverse Split) and $39,475 in cash, completing the acquisitions of 34 vessels from Excel as further discussed in Note 1 above.

Sale of vessels:

During 2015, the Company entered into various separate agreements with third parties to sell 15 of the Company's vessels (Star Big, Star Mega, Maiden Voyage, Star Natalie, Star Tatianna, Star Christianna, Star Monika, Star Julia, Star Nicole, Rodon, Star Claudia, Indomitable, Magnum Opus, Tsu Ebisu and Deep Blue). Of these vessels, 11 were delivered to their purchasers in 2015, while the remaining four (Indomitable, Magnum Opus, Tsu Ebisu and Deep Blue) were delivered to their purchasers in 2016. None of these four vessels met the 'held-for-sale' classification criteria as of December 31, 2015, as none of them were considered available for immediate sale in their present condition at that date. In addition, as discussed above, in late December 2014 the Company agreed to sell the vessel Star Kim, which was delivered to its owner in early 2015. As part of these sales (other than the sale of the vessel Maiden Voyage which is separately discussed below), the Company recognized a net loss on sale of $20,585, which is separately reflected in the accompanying consolidated statement of operations for the year ended December 31, 2015.

On May 28, 2015, the Company entered into an agreement with a third party to sell the vessel *Maiden Voyage*. As part of this transaction, the vessel (currently named *Astakos*) was leased back to the Company under a time charter for two years. The vessel was delivered to its new owner on September 15, 2015 and the Company became the charterer of the vessel on the same date. The lease back did not meet the lease classification test for a capital lease and is accounted for as operating lease. Pursuant to the applicable accounting guidance for sale and lease back transactions, the net gain from the sale of *Maiden Voyage* of $148 was deferred and is being amortized in straight line over the lease term. The net book value of this deferred gain as of December 31, 2015 and 2016 is $126 and $51 and is reflected within "Other non-current liabilities" in the accompanying consolidated balance sheets, while amortization of this deferred gain for the years ended December 31, 2015 and 2016 is $22 and $75 and is included within "Charter-In Hire expenses" in the accompanying consolidated statement of operations.

Vessels acquired / disposed of during the year ended December 31, 2016

Delivery of newbuilding vessels:

(i) On January 6, 2016, the Company took delivery of the vessel *Star Lutas* (ex-HN NE 197). The delivery installment of $19,770 was partially financed by $14,813 drawn down under the Sinosure Facility (Note 8).

(ii) On January 8, 2016, the Company took delivery of the vessel *Kennadi* (ex-HN 1080). The delivery installment of $21,229 was partially financed by $14,478 drawn down under the Sinosure Facility (Note 8).

5. Vessels and other fixed assets, net – (continued):

(iii) On February 26, 2016, the Company took delivery of the vessel *Star Poseidon* (ex-HN NE 198). The delivery installment of $33,390 was partially financed by $23,400 drawn down under the DNB–SEB–CEXIM $227,500 Facility (Note 8).

(iv) On March 2, 2016, the Company took delivery of the vessel *Mackenzie* (ex-HN 1081). The delivery installment of $18,221 was partially financed by $12,720 drawn down under the Sinosure Facility (Note 8).

(v) On March 11, 2016 and June 6, 2016, the Company took delivery of the vessels *Star Marisa* (ex-HN 1359) and *Star Libra* (ex-HN 1372), which are each subject to a separate bareboat charter agreement with CSSC (Hong Kong) Shipping Company Limited ("CSSC"). Each of these bareboat charter agreements is accounted for in the Company's consolidated financial statements as a capital lease, as further described below.

Sale of operating vessels and newbuilding vessels upon their delivery from the shipyards:

As discussed above, in late 2015, the Company entered into various separate agreements with third parties to sell four of its operating vessels (*Indomitable, Magnum Opus*, *Tsu Ebisu* and *Deep Blue*) and five of its newbuilding vessels (*Behemoth, Bruno Marks, Jenmark, Star Aries* and *Star Taurus)* upon their delivery from the shipyards. In addition, in 2016, the Company entered into various separate agreements with third parties to sell the operating vessels *Obelix, Star Michele, Star Monisha, Star Aline* and *Star Despoina* and the newbuilding vessel *Megalodon* (ex-HN 5056) upon its delivery from the shipyard. All these vessels were delivered to their purchasers during the year ended December 31, 2016, and the Company recognized an aggregate net loss on sale of $15,248.

In connection with the sale of the vessels *Tsu Ebisu, Deep Blue, Magnum Opus,Obelix, Indomitable, Star Michele, Star Monisha, Star Aline* and *Star Despoina* discussed above, during the year ended December 31, 2016 the Company prepaid an aggregate amount of $130,062 under the Deutsche Bank $85,000 Facility, the HSBC $20,000 Dioriga Facility, the DVB $31,000 Facility, the ABN $87,458 Facility, the Commerzbank $120,000 Facility, the BNP $32,480 Facility, the DNB $120.0 million Facility, the Heron Vessels Facility and the Citi Facility (Note 8).

Capital leases:

On May 17, 2013, subsidiaries of Oceanbulk entered into separate bareboat charter party contracts with affiliates of New Yangzijiang shipyards for eight-year bareboat charters of four newbuilding 64,000 dwt Ultramax vessels being built at New Yangzijiang. The Company assumed these bareboat charters following the completion of the Merger. The vessels were constructed pursuant to four shipbuilding contracts entered into between four pairings of affiliates of New Yangzijiang. Each pair had one shipyard party (each, a "New YJ Builder") and one ship-owning entity (each a "New YJ Owner"). Delivery of each vessel to the Company was deemed to occur upon delivery of the vessel to the New YJ Owner from the corresponding New YJ Builder. Pursuant to the terms of the bareboat charter, the Company was required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount of $20,680 for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, is financed by the relevant New YJ Owner, to whom the Company will pay a pre-agreed daily bareboat charter hire rate on a 30-days advance basis. After each vessel's delivery, the Company has monthly purchase options to acquire the vessel at pre-determined, amortizing-during-the-charter-period prices. On the eighth anniversary of the delivery of each vessel, the Company has the obligation to purchase the vessel at a purchase price of $6,000. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the four vessels. As further discussed above, the Company took delivery of these four vessels during the year ended December 31, 2015.

5. Vessels and other fixed assets, net – (continued):

On February 17, 2014, the Company entered into separate bareboat charter party contracts with CSSC (Hong Kong) Shipping Company Limited, or CSSC, an affiliate of Shanghai Waigaoqiao Shipbuilding Co., Ltd. (“SWS”), a Chinese shipyard, to bareboat charter for ten years, two fuel efficient newbuilding Newcastlemax dry bulk vessels, the “CSSC Vessels”, each with a cargo carrying capacity of 208,000 dwt. The vessels were constructed pursuant to shipbuilding contracts entered into between two pairings of affiliates of SWS. Each pair had one shipyard party (each, an “SWS Builder”) and one ship-owning entity (each an “SWS Owner”). Delivery to the Company of each vessel was deemed to occur upon delivery of the vessel to the SWS Owner from the corresponding SWS Builder. Pursuant to the terms of the bareboat charters, the Company was required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount of approximately $43,200 and $40,000, respectively, for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, is financed by the relevant SWS Owner, to whom the Company will pay a daily bareboat charter hire rate payable monthly plus a variable amount. Under the terms of the bareboat charters, the Company has the option to purchase the CSSC Vessels at any time after each vessel’s delivery, such option being exercisable on a monthly basis against pre-determined, amortizing-during-the-charter-period prices whilst it has a respective obligation of purchasing the vessels at the expiration of the bareboat term at a purchase price of approximately $12,960 and $12,000, respectively. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the CSSC Vessels. As further discussed above, the Company took delivery of the *Star Libra* (ex-HN 1372) during the year ended December 31, 2016, while the HN 1371 (tbn *Star Virgo*) was delivered in March 2017 (Note 19).

In addition, following the completion of the Merger and the Pappas Transactions the Company also assumed certain bareboat charter party contracts with CSSC with respect to five newbuilding vessels being built at SWS for subsidiaries of Oceanbulk at the time of the Merger. On December 27, 2013, subsidiaries of Oceanbulk entered into separate bareboat charter party contracts for ten-year bareboat charters of five newbuilding 208,000 dwt Newcastlemax vessels. During the year ended December 31, 2015, the Company reassigned two of these bareboat vessels back to their owners, leaving the Company with no future capital expenditure obligations with respect to these two newbuildings. The remaining three vessels are being constructed pursuant to shipbuilding contracts entered into between three pairings of affiliates of SWS. Each pair has one shipyard party (each, an “SWS Builder”) and one ship-owning entity (each an “SWS Owner”). Delivery of each vessel to the Company is deemed to occur upon delivery of the vessel to the SWS Owner from the corresponding SWS Builder. Pursuant to the terms of the bareboat charter, the Company is required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount ranging from $39,968, to $43,152 for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, will be financed by the relevant SWS Owner, to whom the Company will pay a daily bareboat charter hire rate payable monthly plus a variable amount. After each vessel’s delivery, the Company has monthly purchase options to acquire the vessel at pre-determined, amortizing-during-the-charter-period prices. At the end of the ten-year charter period for each vessel, the Company has the obligation to purchase the vessel at a purchase price ranging from approximately $12,000 to $12,960. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the three vessels. As further discussed above, the Company took delivery of the *Star Marisa* (ex-HN 1359) during the year ended December 31, 2016, while the HN 1360 (tbn *Star Ariadne*) and the HN 1361 (tbn *Star Magnanimus*) are expected to be delivered in March 2017 and January 2018, respectively.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

5. Vessels and other fixed assets, net – (continued):

Based on applicable accounting guidance, the Company determined that the bareboat charters discussed above should be classified as capital leases. As a result, in accordance with the applicable capital lease accounting guidance, with respect to the vessels already delivered, the Company recorded a financial liability and a financial asset equal to the lower of the fair value of the asset at the inception of the lease and the present value of the minimum lease payments at the beginning of the lease term.. The net book value of these vessels (which includes the upfront fees paid by the Company until the delivery of the vessel, net of accumulated depreciation) recorded as of December 31, 2015 and 2016 is reflected within “Vessels and other fixed assets, net” in the accompanying consolidated balance sheet. The charge resulting from amortization of these leased assets is included within “Depreciation expense” in the accompanying consolidated statement of operations. The interest expense on the financial liability related to these capital leases for the years December 31, 2015 and 2016 was $3,088 and $7,477, respectively, and is included within “Interest and finance costs” in the accompanying consolidated statement of operations. As of December 31, 2015 the net book value of the vessels was $120,992, with accumulated amortization of $3,056, while as of December 31, 2016 the net book value of the vessels was $228,679, with accumulated amortization of $10,144.

Following the execution of the Restructuring Letter Agreements entered in August 2016 between the Company and its lenders and export credit agencies discussed in Note 8, during the fourth quarter of 2016 the Company entered into a Restructuring Letter Agreement with one of our existing lease providers to defer a portion of the principal repayments included in the hire amounts that were scheduled for payment between 1 October 2016 and 30 June 2018 under all the lease agreements. The deferred hire amounts will be amortized on a monthly basis in the remaining charter period, unless otherwise prepaid as part of a cash sweep mechanism which shall be implemented on a consolidated level, as described in detail in Note 8.

The principal payments required to be made after December 31, 2016, for the outstanding capital lease obligations, taking effect of the deferral of the hire agreed with CSSC discussed above, are as follows:

Years	**Amount**
December 31, 2017	$ 14,980
December 31, 2018	17,166
December 31, 2019	22,439
December 31, 2020	23,467
December 31, 2021	23,121
December 31, 2022 and thereafter	108,016
Total capital lease minimum payments	**$ 209,189**
Unamortized Deferred financing fees	39
Total lease commitments, net	**209,150**
Excluding bareboat interest	50,302
Lease commitments – current portion	6,235
Lease commitments – non-current portion	152,613

5. Vessels and other fixed assets, net – (continued):

Impairment Analysis

As a result of the decline in charter rates and vessel values during the previous years and since market expectations for future rates were low and vessel values were unlikely to increase to the high levels of 2008, the Company reviewed the recoverability of the carrying amount of its vessels in 2014, 2015 and 2016.

The Company's impairment analysis for 2014 indicated that the carrying amount of the Company's vessels was recoverable, and therefore the Company concluded that no impairment charge was necessary.

As part of the sales agreed in 2015 and early 2016, as discussed above, and the reassignment of the leases of two newbuilding vessels back to the vessels' owner (Notes 6), the Company recognized an impairment loss in 2015 of $219,400. In addition, in light of the continued economic downturn and the prevailing conditions in the shipping industry, as of December 31, 2015, the Company performed an impairment analysis for each of its operating vessels and newbuildings whose carrying value was above its market value.

Based on the Company's impairment analysis framework described in Note 2(n), taking also into consideration the probability of a sale of certain operating and newbuildings vessels, the future undiscounted projected net operating cash flows for certain of its operating and newbuilding vessels over their operating life were below their carrying value and therefore the Company recognized an additional impairment loss of $102,578 for the year ended December 31, 2015. The total impairment charge of $321,978, for the year ended December 31, 2015 is separately reflected in the accompanying consolidated statement of operations (Note 18).

In connection with the termination of two shipbuilding contracts (Note 6) and the sale of two operating vessels discussed above and by reference to their agreed sale prices less costs to sell (Level 2), the Company recognized during the year ended December 31, 2016, an impairment loss of $18,537. In addition, based on the Company's impairment analysis, using the same framework that was used in the previous years, which is discussed in Note 2(n) and taking also into consideration the probability of vessel sales, the Company recognized an additional impairment loss of $10,684. The total impairment charge of $29,221, for the year ended December 31, 2016 is separately reflected in the accompanying consolidated statement of operations (Note 18).

The carrying value of the Company's vessels, which did not meet the criteria as held for sale as of December 31, 2016, but met these criteria after the balance sheet date and before the issuance of the Company's financial statements, was $8,000.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

6. Advances for vessels under construction and acquisition of vessels:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	2015	2016
Pre-delivery yard installments and fair value adjustment (Note 1)	$ 65,009	$ 32,602
Bareboat capital leases – upfront hire & handling fees	54,428	25,272
Capitalized interest and finance costs	6,301	4,966
Other capitalized costs (Note 3)	2,172	1,730
Total	**$ 127,910**	**$ 64,570**

During 2015 and in early 2016 the Company reached an agreement in principle with certain shipyards to defer the delivery and reduce the purchase price of certain newbuilding vessels. The estimated delivery dates disclosed in the tables of Note 1 take effect of these negotiations. In addition, during the year ended December 31, 2015, the Company agreed to reassign the leases for two newbuilding vessels back to the vessels' owner for a one-time refund to the Company of $5,800 each.

During the year ended December 31, 2016, the Company terminated two shipbuilding contacts, leaving the Company with no future capital expenditure obligations with respect to these two newbuildings and an impairment charge of $1,068 was recorded in the year ended December 31, 2016, in order to write off the total amount of assets, in respect with the two terminated shipbuilding contracts.

As also discussed in Note 5 above, in 2015, the Company entered into separate agreements with third parties to sell upon their delivery from the shipyard the newbuilding vessels *Behemoth*,*Bruno Marks*, *Jenmark*, *Star Aries* and *Star Taurus*. The first two of these vessels were delivered to purchasers in January 2016, while the remaining three were delivered until the end of June 2016. Additionally, in January 2016, the Company entered into an agreement to sell upon its delivery from the shipyard the newbuilding vessel *Megalodon* (ex-HN 5056). The vessel was delivered to its new owners in January 2016. None of these vessels met the 'held-for-sale' classification criteria as of December 31, 2015, as none of them was considered available for immediate sale in its present condition at that date.

As summarized in the relevant table of Note 1, as of December 31, 2016, the Company was party to five newbuilding contracts or lease arrangements for the construction of drybulk carriers of various types.

Taking into effect the outcome of the negotiations discussed above, as of December 31, 2016, the total aggregate remaining contracted price for the five newbuilding vessels plus agreed extras was $187,014, of which $112,675 is payable during the next twelve months ending December 31, 2017, and the remaining $74,339 is payable during the year ending December 31, 2018. An amount of $79,936 and $39,984, respectively, will be financed through bareboat capital lease arrangements, as discussed above, the commitments of which are reflected in Note 16.

In addition, as of December 31, 2016, the Company is entitled to receive a refund of $4,820 from the shipyards, $1,604 of which is separately reflected in the accompanying relevant consolidated balance sheet under "Other non-current assets," while the remaining $3,216 is included under "Prepaid expenses and other receivables."

7. Fair value of Above Market Acquired Time Charters:

During 2011, the Company acquired two second-hand Capesize vessels, *Star Big* and *Star Mega*, with existing time charter contracts. Upon their delivery, the Company evaluated the attached charter contracts by comparing the charter rates in the acquired time charter agreements with the market rates for equivalent time charter agreements prevailing at the time the foregoing vessels were delivered and recognized an asset of $23,065. As described in Note 5 above, in the second quarter of 2015, the Company entered into an agreement with a third party to sell the vessel *Star Big*. In view of its planned sale, its above market acquired time charter was terminated early, and the unamortized balance of $2,114, at June 30, 2015, was written-off. Such amount is reflected under "Loss on time charter agreement termination" in the accompanying consolidated statement of operations for the year ended December 31, 2015.

As part of the Merger in July 2014, a $1,967 intangible asset was recognized corresponding to a fair value adjustment for two favorable time charters under which Oceanbulk was the lessor at the time of acquisition, with respect to vessels *Amami and Madredeus*, as further discussed in Note 1.

In addition, for three Excel Vessels *Star Martha (ex Christine)*, *Star Pauline (ex Sandra)* and *Star Despoina (ex Lowlands Beilun)*, which were transferred to the Company subject to existing charters, the Company recognized an asset of $8,076, since it determined that the respective charters were favorable comparing to the existing charter rates.

For the years ended December 31, 2014, 2015 and 2016, the amortization of fair value of the above market acquired time charters amounted to $6,113, $9,540 and $254, respectively, and is included under "Voyage revenues" in the accompanying consolidated statements of operations. The accumulated amortization of these above market time charters as of December 31, 2015 and 2016 was $30,740 and $30,994, respectively. These assets had been fully amortized by December 31, 2016.

8. Long-term debt:

Following the execution of the Restructuring Letter Agreements in August 2016, as described below, the Company agreed with all of its lenders to, among others things, defer principal payments owed from June 1, 2016 through June 30, 2018 (the "Deferred Amounts") to the due date of the balloon installments of each facility. As a consequence no principal payments are required to be made in the next twelve months ending December 31, 2017 and therefore no current portion of long term debt was outstanding as of December 31, 2016.

(A) Existing Facilities

a) Commerzbank $120,000 Facility:

On December 27, 2007, the Company entered into a loan agreement with Commerzbank AG for up to $120,000, in order to partially finance the acquisition cost of the vessels, *Star Gamma*, *Star Delta*, *Star Epsilon*, *Star Zeta*, and *Star Theta* (the "Commerzbank $120,000 Facility"). The Commerzbank $120,000 Facility is secured by a first priority mortgage over the financed vessels. The Commerzbank $120,000 Facility was amended in June and December 2009. As amended, the Commerzbank $120,000 Facility had two tranches. One tranche of $50,000 was repayable in 28 consecutive quarterly installments, which commenced in January 2010, consisting of (i) the first four installments of $2,250 each, (ii) the next 13 installments of $1,000 each and (iii) the remaining 11 installments of $1,300 each, with a final balloon payment of $13,700 payable along with the last installment. The second tranche of $70,000 was repayable in 28 consecutive quarterly installments, which commenced in January 2010, consisting of i) the first four installments of $4,000 each and (ii) the remaining 24 installments of $1,750 each, with a final balloon payment of $12,000 payable together with the last installment."

8. Long-term debt – (continued):

b) Commerzbank $26,000 Facility:

On September 3, 2010, the Company entered into a loan agreement with Commerzbank AG for up to $26,000 in order to partially finance the acquisition cost of the vessel, *Star Aurora* (the "Commerzbank $26,000 Facility"). The Commerzbank $26,000 Facility was secured by a first priority mortgage over the financed vessel.

Supplemental Agreement - Commerzbank $120,000 and $26,000 Facilities

On December 17, 2012, the Company executed a commitment letter with Commerzbank to amend the Commerzbank $120,000 Facility and the Commerzbank $26,000 Facility. The definitive documentation for the supplemental agreement (the "Commerzbank Supplemental") was signed on July 1, 2013. Pursuant to the Commerzbank Supplemental, the Company paid Commerzbank a flat fee of 0.40% of the combined outstanding loans under the two facilities and agreed, subject to certain conditions, to (i) amend some of the covenants governing the two facilities, (ii) prepay an amount of $2,000, pro rata against the balloon payments of each facility, (iii) raise $30,000 in equity (which condition was satisfied after the completion of the Company's rights offering in July 2013 (Note 9)) and (iv) increase the loan margins. In addition, Commerzbank agreed to defer 60% and 50% of the quarterly installments for the years ended December 31, 2013 and 2014 (the "2013 Deferred Amounts"), to the balloon payments or to a payment in accordance with a semi-annual cash sweep mechanism; under which all earnings of the mortgaged vessels after operating expenses, dry docking provision, general and administrative expenses and debt service, if any, will be used as repayment of the 2013 Deferred Amounts. The Company was not permitted to pay any dividends as long as 2013 Deferred Amounts are outstanding and/or until original terms are complied with.

On March 30, 2015, the Company and Commerzbank AG signed a second supplemental agreement (the "Commerzbank Second Supplemental"). Under the Commerzbank Second Supplemental, the Company agreed to (i) prepay an amount of $3,000, (ii) amend some of the covenants governing this facility, and (iii) change the repayment date for the Commerzbank $26,000 Facility from September 7, 2016 to July 31, 2015. The Company fully repaid the Commerzbank $26,000 Facility in June 2015, and the vessels *Star Aurora* and *Star Zeta* were released from the vessel mortgage.

On June 29, 2015, the Company and Commerzbank AG signed a third supplemental agreement (the "Commerzbank Third Supplemental"). Under the Commerzbank Third Supplemental, the Company and Commerzbank AG agreed to (i) defer the installment payments under the Commerzbank $120,000 Facility, until the full repayment in late October, 2016, (ii) add as additional collateral the vessel *Star Iris, and* (iii) amend some of the covenants governing this facility.

8. Long-term debt – (continued):

Supplemental Agreement - Commerzbank $120,000 and $26,000 Facilities (continued):

In April 2016, the Company and Commerzbank entered into a refinancing amendment of the "Commerzbank Supplemental". This refinancing included (a) changes to certain covenants governing this facility and (b) a different amortization schedule including the change in the final repayment date from October 2016 to October 2018.

Please see below for information regarding the Restructuring Letter Agreements.

c) Credit Agricole $70,000 Facility:

On January 20, 2011, the Company entered into a loan agreement with Credit Agricole Corporate and Investment Bank for a term loan of up to $70,000 (the "Credit Agricole $70,000 Facility") to partially finance the construction cost of the two newbuilding vessels, *Star Borealis* and *Star Polaris,* which were delivered to the Company in 2011. The Credit Agricole $70,000 Facility is secured by a first priority mortgage over the financed vessels and is divided into two tranches. The Company drew down $67,275 under this facility. The Credit Agricole $70,000 Facility is repayable in 28 consecutive quarterly installments, commencing three months after the delivery of each vessel, of $485.4 and $499.7, respectively, and a final balloon payment payable at maturity, of $19,558.2 (due August 2018) and $20,134 (due November 2018) for the *Star Borealis* and *Star Polaris* tranches, respectively.

On June 29, 2015, the Company signed a waiver letter with Credit Agricole Corporate and Investment Bank in order to revise some of the covenants contained in the loan agreement for a period up to December 31, 2016.

Please see below for information regarding the Restructuring Letter Agreements.

d) HSH Nordbank AG $64,500 Facility:

On October 3, 2011, the Company entered into a $64,500 secured term loan agreement (the "HSH Nordbank $64,500 Facility") with HSH Nordbank AG ("HSH Nordbank") to repay, together with cash on hand, certain existing debt. The borrowers under the HSH Nordbank $64,500 Facility are the vessel-owning subsidiaries that own the vessels *Star Cosmo, Star Kappa, Star Sigma, Star Omicron* and *Star Ypsilon*, and Star Bulk Carriers Corp. is the guarantor. This facility consists of two tranches. The first tranche of $48,500 (the "Supramax Tranche") is repayable in 20 quarterly consecutive installments of $1,250 commencing in January 2012 and a final balloon payment of $23,500 payable at the maturity, in September, 2016. The second tranche of $16,000 (the "Capesize Tranche") was repayable in 12 consecutive, quarterly installments of $1,333, commencing in January 2012 and matured in September 2014.

8. Long-term debt – (continued):

d) HSH Nordbank AG $64,500 Facility – (continued):

On July 17, 2013, the Company and HSH Nordbank signed a supplemental agreement (the “HSH Nordbank $64,500 Supplemental”). Under the HSH Nordbank $64,500 Supplemental, the Company agreed, subject to certain conditions, to (i) amend some of the covenants governing this facility until December 31, 2014, (ii) defer a minimum of approximately $3,500 payments from January 1, 2013 until December 31, 2014, (iii) prepay an amount of $6,590 with pledged cash already held by HSH Nordbank, (iv) raise $20,000 in equity (which condition was satisfied after the completion of the Company’s rights offering in July 2013, (Note 9), (v) increase the loan margins from January 1, 2013 until December 31, 2014, (vi) include a semi-annual cash sweep mechanism, under which all earnings of the mortgaged vessels after operating expenses, dry docking provision, general and administrative expenses and debt service, if any, are to be used as prepayment to the balloon payment of the Supramax Tranche, and (vii) not pay any dividends until December 31, 2014 or later in case of a covenant breach. When the Company sold the vessel *Star Sigma* in April 2013, the HSH Nordbank $64,500 Supplemental also required the Company to use the proceeds from the sale to fully prepay the balance of the Capesize Tranche and use the remaining vessel sale proceeds to prepay a portion of the Supramax Tranche. As a result, the next seven scheduled quarterly installments commencing in April 2013 were reduced pro rata according to the prepayment from $813 to $224.

On June 29, 2015, the Company and HSH Nordbank signed a supplemental agreement to amend certain covenants governing this facility until December 31, 2016.

In September 2016, the Company and HSH Nordbank signed a supplemental agreement to add the vessel *Star Zeta* as additional collateral.

As part of the 2016 Restructuring discussed below, the Company and HSH agreed to extend the maturity of this loan from September 2016 to August 2018.

Please see below for information regarding the Restructuring Letter Agreements.

e) HSH Nordbank AG $35,000 Facility:

On February 6, 2014, the Company entered into a new $35,000 secured term loan agreement (the “HSH Nordbank $35,000 Facility”) with HSH Nordbank AG. The borrowings under this new loan agreement were used to partially finance the acquisition cost of the vessels *Star Challenger andStar Fighter*. The HSH Nordbank $35,000 Facility is secured by a first priority mortgage over the financed vessels. The borrowers under the HSH Nordbank $35,000 Facility are the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. is the guarantor. This facility matures in February 2021 and is repayable in 28 equal, consecutive, quarterly installments, commencing in May 2014, of $312.5 and $291.7 for the *Star Challenger* and *Star Fighter*, respectively, and a final balloon payment of $8,750 and $9,332.4, payable together with the last installments, for *Star Challenger and Star Fighter,* respectively.

On June 29, 2015, the Company and HSH Nordbank signed a supplemental agreement to amend certain covenants governing this facility until December 31, 2016.

Please see below for information regarding the Restructuring Letter Agreements.

8. Long-term debt – (continued):

f) Deutsche Bank AG $39,000 Facility:

On March 14, 2014, the Company entered into a $39,000 secured term loan agreement with Deutsche Bank AG (the "Deutsche Bank $39,000 Facility"). The borrowings under this loan agreement were used to partially finance the acquisition cost of the vessels *Star Sirius* and *Star Vega*. The Deutsche Bank $39,000 Facility is secured by a first priority mortgage over the financed vessels. The borrowers under the Deutsche Bank $39,000 Facility are the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. is the guarantor. This facility consists of two tranches of $19,500 each and matures in March 2021. Each tranche is repayable in 28 equal, consecutive, quarterly installments of $390 each commencing in June 2014, and a final balloon payment of $8,580 payable at maturity.

On June 29, 2015, the Company entered into a supplemental letter with Deutsche Bank AG to amend certain covenants governing this facility until December 31, 2016.

On June 2, 2016, the Company and Deutsche Bank AG signed a supplemental agreement to add the vessel *Star Vanessa* as additional collateral.

Please see below for information regarding the Restructuring Letter Agreements.

g) ABN $87,458 Facility

On August 1, 2013, Oceanbulk Shipping entered into a $34,458 credit facility with ABN AMRO, N.V. (the "ABN AMRO $87,458 Facility") in order to partially finance the acquisition cost of the vessels *Obelix* and *Maiden Voyage*. The loans under the ABN AMRO $87,458 Facility were available in two tranches of $20,350 and $14,108. On August 6, 2013, Oceanbulk Shipping drew down the available tranches. On December 18, 2013, the ABN AMRO $87,458 Facility was amended to add an additional loan of $53,000 to partially finance the acquisition cost of the vessels *Big Bang*, *Strange Attractor*, *Big Fish* and *Pantagruel*. On December 20, 2013, Oceanbulk Shipping drew down the available tranches. The tranche under the ABN AMRO $87,458 Facility relating to vessel *Obelix* would mature in September 2017, the one relating to vessel *Maiden Voyage* matures in August 2018 and those relating to vessels *Big Bang, Strange Attractor, Big Fish and Pantagruel,* mature in December 2018. The tranches are repayable in quarterly consecutive installments ranging between $248 to $550 and a final balloon payment for each tranche at maturity, ranging between $2,500 and $12,813. The ABN AMRO $87,458 Facility is secured by a first-priority ship mortgage on the financed vessels and general and specific assignments and was guaranteed by Oceanbulk Shipping LLC. Following the completion of the Merger, Star Bulk Carriers Corp. replaced Oceanbulk Shipping as guarantor of the ABN AMRO $87,458 Facility.

On June 29, 2015, the Company signed a supplemental letter with ABN AMRO to amend certain covenants governing this facility until December 31, 2016.

In August 2015, the tranche relating to the vessel *Maiden Voyage* was fully repaid, following the sale of the vessel (Note 5). In March 2016, the tranche relating to the vessel *Obelix* was fully repaid, following the sale of the vessel (Note 5).

Please see below for information regarding the Restructuring Letter Agreements.

8. Long-term debt – (continued):

h) Deutsche Bank $85,000 Facility

On May 20, 2014, Oceanbulk Shipping entered into a loan agreement with Deutsche Bank AG Filiale Deutschlandgeschaft for the financing of an aggregate amount of $85,000 (the “Deutsche Bank $85,000 Facility”), in order to partially finance the construction cost of the newbuilding vessels *Magnum Opus, Peloreus and Leviathan*. Each tranche matures five years after the drawdown date. The applicable tranches were drawn down concurrently with the deliveries of the financed vessels, in May, July and September 2014, respectively. Each tranche is subject to 19 quarterly amortization payments equal to 1/60th of the tranche amount, with the 20th payment equal to the remaining amount outstanding on the tranche. The Deutsche Bank $85,000 Facility is secured by first priority cross-collateralized ship mortgages on the financed vessels, and general and specific assignments and was originally guaranteed by Oceanbulk Shipping. On July 4, 2014, an amendment to the Deutsche Bank $85,000 Facility was executed in order to add ITF International Transport Finance Suisse AG as a lender. On November 4, 2014, a supplemental letter was signed to replace Oceanbulk Shipping with Star Bulk Carriers Corp. as guarantor of this facility.

On June 29, 2015, the Company signed a supplemental letter with Deutsche Bank AG Filiale Deutschlandgeschaft to amend certain covenants governing this facility until December 31, 2016.

In March 2016, the tranche relating to the vessel *Magnum Opus* was fully repaid, following the sale of the respective vessel (Note 5).

Please see below for information regarding the Restructuring Letter Agreements.

i) HSBC $86,600 Facility

On June 16, 2014, Oceanbulk Shipping entered into a loan agreement with HSBC Bank plc. (the “HSBC $86,600 Facility”) for the financing of an aggregate amount of $86,600, to partially finance the acquisition cost of the second hand vessels *Kymopolia*, *Mercurial Virgo*, *Pendulum*, *Amami* and *Madredeus*. The loan, which was drawn in June 2014, matures in May 2019 and is repayable in 20 quarterly installments, commencing three months after the drawdown, of $1,555 plus a balloon payment of $55,500 due together with the last installment. The HSBC $86,600 Facility is secured by a first priority mortgage over the financed vessels and general and specific assignments and was originally guaranteed by Oceanbulk Shipping. On September 11, 2014, a supplemental agreement to the HSBC $86,600 Facility was executed in order to replace Oceanbulk Shipping with Star Bulk Carriers Corp. as guarantor of the HSBC $86,600 Facility.

On January 29, 2016, the Company and HSBC Bank plc signed a supplemental agreement to add the vessel *Star Emily* as additional collateral.

Please see below for information regarding the Restructuring Letter Agreements.

8. Long-term debt – (continued):

j) NIBC $32,000 Facility:

On November 7, 2014, the Company and NIBC Bank N.V. entered into an agreement with respect to a credit facility (the “NIBC $32,000 Facility”) for the financing of an aggregate amount of up to $32,000, which is available in two tranches of $16,000, to partially finance the construction cost of two newbuilding vessels, *Star Aquarius* (ex-HN 5040) and *Star Pisces* (ex-HN 5043). An amount of $15,237 for each vessel was drawn in July and August 2015, concurrently with the delivery of the respective vessels to the Company. Each tranche is repayable in consecutive quarterly installments of $255, commencing three months after the drawdown of each tranche, plus a balloon payment of $9,633 and $9,888, for each of the two vessels, both due in November 2020. The NIBC $32,000 Facility is secured by a first priority cross collateralized mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with NIBC Bank N.V to amend certain covenants governing this facility until December 31, 2016.

Please see below for information regarding the Restructuring Letter Agreements.

k) DVB $24,750 Facility:

On October 30, 2014, the Company and DVB Bank SE, Frankfurt entered into an agreement with respect to a credit facility (the “DVB $24,750 Facility”), to partially finance the acquisition of 100% of the equity interests of Christine Shipco LLC, which is the owner of the vessel *Star Martha* (ex-Christine), one of the 34 Excel Vessels. On October 31, 2014, the Company drew $24,750 to pay Excel the related cash consideration. The DVB $24,750 Facility is repayable in 24 consecutive, quarterly principal payments of $900 for each of the first four quarters and of $450 for each of the remaining 20 quarters, with the first becoming due and payable three months from the drawdown date, and a balloon payment of $12,150 payable simultaneously with the last quarterly installment, which is due in October 2020. The DVB $24,750 Facility is secured by a first priority pledge of the membership interests of the Christine Shipco LLC and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with DVB Bank SE, Frankfurt to amend certain covenants governing this facility until December 31, 2016.

Please see below for information regarding the Restructuring Letter Agreements.

8. Long-term debt – (continued):

l) Sinosure Facility:

On December 22, 2014, the Company executed a binding term sheet with Deutsche Bank (China) Co., Ltd. Beijing Branch and HSBC Bank plc (the "Sinosure Facility") for the financing of an aggregate amount of up to $156,453 to partially finance the construction cost of eight newbuilding vessels, *Honey Badger (ex–HN NE 164)*, *Wolverine* (ex-HN NE 165), *Star Antares* (ex-HN NE 196), *Star Lutas* (ex-HN NE 197), *Kennadi* (ex-HN 1080), *Mackenzie* (ex-HN 1081), and two other newbuilding vessels for which the construction contracts were subsequently terminated and the corresponding available tranches were cancelled (the "Sinosure Financed Vessels"). The financing under the Sinosure Facility was available in eight separate tranches, one for each Sinosure Financed Vessel, and is credit insured (95%) by China Export & Credit Insurance Corporation. The final loan documentation for the Sinosure Facility was signed on February 11, 2015. Each tranche, which is documented by a separate credit agreement, matures twelve years after each drawdown date and is repayable in 48 equal and consecutive quarterly installments. The Sinosure Facility is secured by a first priority cross collateralized mortgage over the Sinosure Financed Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp. The vessels *Honey Badger* and *Wolverine* were delivered to the Company in February 2015. The vessel *Star Antares* was delivered to the Company in October 2015. The vessels *Star Lutas andKennadi* were delivered to the Company in early January 2016 and the vessel *Mackenzie* was delivered to the Company in March 2016 (Note 5).

On September 2, 2015, the Company signed a supplemental letter agreement with Deutsche Bank (China) Co., Ltd. Beijing Branch and HSBC Bank plc to amend certain covenants governing the existing credit agreements from June 26, 2015 until December 31, 2016.

Please see below for information regarding the Restructuring Letter Agreements.

m) Citi Facility:

On December 22, 2014, the Company entered into a credit facility with Citibank, N.A., London Branch (the "Citi Facility") to provide financing in an amount of up to $100,000, in lieu of the Excel Vessel Bridge Facility, in connection with the acquisition of vessels *Star Pauline*, *Star Despoina*, *Star Angie*, *Star Sophia*, *Star Georgia*, *Star Kamila* and *Star Nina,* which are seven of the Excel Vessels the Company has acquired (the "Citi Financed Excel Vessels"). The first tranche of $51,477.5 was drawn on December 23, 2014, and the second tranche of $42,627.5 was drawn on January 21, 2015. The Company used amounts drawn under the Citi Facility to repay portion of the Excel Vessel Bridge Facility in respect of those Citi Financed Excel Vessels. The Citi Facility matures on December 30, 2019. The Citi Facility is repayable in 20 equal, consecutive, quarterly principal payments of $3,388, with the first installment due on March 30, 2015 and a balloon installment of $26,349 payable simultaneously with the 20th quarterly installment. The Citi Facility is secured by a first priority mortgage over the Citi Financed Excel Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 30, 2015, the Company signed a supplemental Agreement with Citibank, N.A., London Branch to amend certain covenants governing this agreement until December 31, 2016.

In December 2016, the tranche relating to the vessel *Star Despoina* was fully repaid, following the sale of the respective vessel (Note 5).

Please see below for information regarding the Restructuring Letter Agreements.

8. Long-term debt – (continued):

n) Heron Vessels Facility:

In November 2014, the Company entered into a secured term loan agreement with CiT Finance LLC (the "Heron Vessels Facility"), in the amount of $25,311, in order to partially finance the acquisition cost of the two Heron Vessels, *Star Gwyneth* and *Star Angelina*. The drawdown of the financed amount incurred in December 2014, when the Company took delivery of the Heron Vessels. The facility matures on June 30, 2019, and is repayable in 19 equal consecutive, quarterly principal payments of $744.4 (with the first becoming due and payable on December 31, 2014), and a balloon installment payable at maturity equal to the then outstanding amount of the loan. The facility is secured by a first priority mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carrier Corp.

On July 1, 2015, the Company signed a supplemental letter with CiT Finance LLC to amend certain covenants governing this agreement from June 30, 2015 until December 31, 2016 and to add the vessel *Star Aline* as collateral under this agreement. In connection with the sale of *Star Aline* in August 2016, the Company repaid the amount attributable to this vessel, in accordance with the provisions of the Heron Vessels Facility.

Please see below for information regarding the Restructuring Letter Agreements.

o) DNB $120,000 Facility:

On December 29, 2014, the Company entered into an agreement with DNB Bank ASA as facility agent, security agent account bank and bookrunner, DNB Bank ASA, NIBC Bank N.V and Skandinaviska Enskilda Banken AB as original lenders, mandated lead arrangers and hedge counterparties (the "DNB $120,000 Facility"), to provide financing for up to $120,000, in lieu of the Excel Vessel Bridge Facility, in connection with the acquisition of vessels *Star Nasia*, *Star Monisha*, *Star Eleonora*, *Star Danai*, *Star Renee*, *Star Markella*, *Star Laura*, *Star Moira*, *Star Jennifer*, *Star Mariella*, *Star Helena* and *Star Maria*, which are 12 of the Excel Vessels the Company has acquired (the "DNB Financed Excel Vessels"). The Company drew $88,275 on December 30, 2014, $9,515 in January, 2015, $9,507 in February 2015 and $7,769 in April 2015. The Company used amounts drawn under the DNB $120,000 Facility to repay portion of the amounts drawn under the Excel Vessel Bridge Facility relating to the DNB Financed Excel Vessels. The DNB $120,000 Facility matures in December 2019 and is repayable in 20 equal, consecutive, quarterly principal payments of $4,374, with the first installment due in March 2015, and a balloon installment of $29,160 payable simultaneously with the 20th installment. The DNB $120,000 Facility is secured by a first priority mortgage over the DNB Financed Excel Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with the lenders under this facility to amend certain covenants governing this agreement until December 31, 2016.

In August 2016, the total proceeds from the sale of *Star Monisha* (Note 5) were applied towards the prepayment of the loan.

Please see below for information regarding the Restructuring Letter Agreements.

8. Long-term debt – (continued):

p) DNB–SEB–CEXIM $227,500 Facility:

On March 31, 2015, the Company entered into an agreement with DNB Bank ASA as facility agent, security agent account bank and bookrunner, DNB Bank ASA and the Export-Import Bank of China (CEXIM) as mandated lead arrangers and DNB Bank ASA, Skandinaviska Enskilda Banken AB (SEB) and CEXIM as original lenders (the "DNB–SEB–CEXIM $227,500 Facility") for up to $227,500 to partially finance the construction cost of six newbuilding vessels, *Gargantua* (ex-HN166), *Goliath* (ex–HN167), *Maharaj* (ex–HN184), *Star Aries* (ex-HN1338), *Star Taurus* (ex-HN1339), and *Star Poseidon* (ex-HN198). The financing is available in six separate tranches, one for each newbuilding vessel. Following the sale of the *Star Aries and* the *Star Taurus* (Note 5), the relevant tranches were terminated without having been drawn. The first tranche of $32,400 and the second and third tranche of $30,300 each were drawn, upon the delivery of the vessels *Gargantua, Goliath andMaharaj* in 2015. The fourth tranche of $23,400 was drawn, upon the delivery of the vessel *Star Poseidon* in February 2016 (Note 5). The tranches are repayable in 24 quarterly consecutive installments ranging between $367 and $508, with the first becoming due and payable three months from the drawdown date of each tranche and a final balloon installment for each tranche, ranging between $14,587 million and $20,198 million, payable simultaneously with the 24th installment. The DNB–SEB–CEXIM $227,500 Facility is secured by a first priority cross-collateralized mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with the lenders under this facility to amend certain covenants governing this facility until December 31, 2016.

Please see below for information regarding the Restructuring Letter Agreements.

q) Issuance of the 8.00% 2019 Notes:

On November 6, 2014, the Company issued $50,000 aggregate principal amount of 8.00% Senior Notes due 2019 (the "2019 Notes"). The net proceeds were $48,425. The 2019 Notes mature in November 2019 and are senior, unsecured obligations of Star Bulk Carriers Corp. The 2019 Notes are not guaranteed by any of the Company's subsidiaries.

The 2019 Notes bear interest at a rate of 8.00% per year, payable quarterly in arrears on each February 15, May 15, August 15 and November 15, commencing on February 15, 2015.

The Company may redeem the 2019 Notes, in whole or in part, at any time on or after November 15, 2016 at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Prior to November 15, 2016, the Company may redeem the 2019 Notes, in whole or in part, at a price equal to 100% of their principal amount plus a make-whole premium and accrued and unpaid interest to the date of redemption. In addition, the Company may redeem the 2019 Notes in whole, but not in part, at any time, at a redemption price equal to 100% of their principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if certain events occur involving changes in taxation.

The indenture governing the 2019 Notes contains customary terms and covenants, including that upon certain events of default occurring and continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the 2019 Notes then outstanding may declare the entire principal amount of all the 2019. Notes plus accrued interest, if any, to be immediately due and payable. Upon certain change of control events, the Company is required to offer to repurchase the 2019 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of redemption. If the Company receives net cash proceeds from certain asset sales and does not apply them within a specified deadline, the Company will be required to apply those proceeds to offer to repurchase the 2019 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of redemption.

8. Long-term debt – (continued):

(B) Terminated Facilities

a) ABN AMRO Bank N.V. $31,000 Facility:

On July 21, 2011, the Company entered into a senior secured credit facility with ABN AMRO Bank N.V. the "ABN AMRO") for $31,000 (the "ABN AMRO $31,000 Facility"), to partially finance the acquisition cost of the vessels *Star Big* and *Star Mega.* The ABN AMRO $31,000 Facility was secured by a first priority mortgage over the financed vessels. The borrowers under the ABN AMRO $31,000 Facility were the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. was the guarantor.

On March 16, 2012, the Company and ABN AMRO amended the ABN AMRO $31,000 Facility under a first supplemental agreement (the "ABN $31,000 First Supplemental"). On April 2, 2013, the Company and ABN AMRO signed a second supplemental agreement (the "ABN $31,000 Second Supplemental" and, together with the ABN First Supplemental, the "ABN $31,000 Supplementals"). Under the ABN $31,000 Supplementals, the Company agreed, subject to certain conditions, to (i) revise the covenants governing this facility until December 31, 2014, (ii) not pay dividends until December 31, 2014 and (iii) increase the margin by 50 bps, beginning on March 31, 2013, until the time the Company was able to raise at least $30,000 of additional equity (which condition was satisfied after the completion of the Company's rights offering in July 2013 (Note 9)).

On March 31, 2015, the Company and ABN AMRO signed a third supplemental agreement (the "ABN $31,000 Third Supplemental") and agreed to revise certain covenants governing this facility.

In June 2015, this facility was fully repaid following the sale of the vessels *Star Big* and *Star Mega* (Note 5).

b) BNP $32,480 Facility:

On December 3, 2014, Positive Shipping Company, a subsidiary of Star Bulk following the completion of the Pappas Transaction, and BNP Paribas entered into an agreement with respect to a credit facility (the "BNP $32,480 Facility") for the financing of up to $32,500 to partially finance the construction cost of its newbuilding vessel *Indomitable* (ex-HN 5016). An amount of $32,480 was drawn in December 2014, in anticipation of the delivery of the *Indomitable* to the Company on January 8, 2015. The facility was repayable in 20 equal, consecutive, quarterly principal payments of $537.2 each, with the first becoming due and payable three months from the drawdown date and a balloon installment of $21,737 payable simultaneously with the 20th installment, which was due in December 2019. The BNP $32,480 Facility was secured by a first priority mortgage over the financed vessel and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On July 3, 2015, the Company signed a supplemental letter with BNP Paribas to amend certain covenants governing this facility from June 30, 2015 until December 31, 2016.

In December 2015, the Company entered into an agreement with a third party to sell the vessel *Indomitable.* In connection with this sale, the BNP $32.48 million Facility was repaid in April 2016 along with the delivery of the vessel to its new owners (Note 5).

8. Long-term debt – (continued):

c) Excel Vessel Bridge Facility (Note 3):

On August 19, 2014, the Company, through Unity Holdings LLC ("Unity"), a fully owned subsidiary, entered into a $231,000 Senior Secured Credit Agreement, among Unity, as borrower, the initial lenders named therein which were affiliates of Oaktree and Angelo Gordon, and Wilmington Trust National Association, as administrative agent. The Company used borrowings under the Excel Vessel Bridge Facility to fund portion of the cash consideration for the Excel Vessels. The Excel Vessel Bridge Facility would mature in February 2016, with mandatory repayments of $6,000, each due in March, June and September 2015. Unity, Star Bulk, and each individual vessel-owning subsidiary of Unity were guarantors under the Excel Vessel Bridge Facility. As of December 31, 2014 an amount of $195,914 had been drawn under the Excel Vessel Bridge Facility, of which an amount of $139,753 was prepaid from proceeds from the Citi Facility and the DNB $120,000 Facility (discussed below), with such prepayment being applied in direct order of maturity according to the provisions of the Excel Vessel Bridge Facility.

On January 29, 2015, the Company fully prepaid and terminated the Excel Vessel Bridge Facility.

d) Excel Vessel CiT Facility:

On December 9, 2014, the Company entered into a credit facility with CiT Finance LLC (the "Excel Vessel CiT Facility") for an amount up to $30,000 to partially finance the acquisition of 11 of the older Excel Vessels. The Excel Vessel CiT Facility was secured on a first-priority basis by these 11 financed vessels, which consist of nine Panamax and two Handymax vessels (the "Excel Collateral Vessels"). Pursuant to an intercreditor agreement executed among the lenders under the Excel Vessel Bridge Facility and Excel Vessel CiT Facility, the Excel Collateral Vessels also secured the Excel Vessel Bridge Facility on a second-priority basis. On December 10, 2014, the Company drew $30,000 under the Excel Vessel CiT Facility. The borrowers under the Excel Vessel CiT Facility were the various vessel-owning subsidiaries that own the Excel Collateral Vessels and Star Bulk Carriers Corp. was the guarantor. The Excel Vessel CiT Facility would mature in December 2016 and was subject to quarterly amortization payments of $500, commencing on March 31, 2015, with a balloon payment equal to the outstanding amount under the Excel Vessel CiT Facility payable simultaneously with the last quarterly installment.

On June 10, 2015, the Company fully repaid the Excel Vessel CiT Facility.

e) DVB $31,000 Facility:

On May 21, 2015, the Company entered into an agreement with DVB Bank SE (the "DVB $31,000 Facility") for up to $31,000 to partially finance the construction cost of the newbuilding vessel *Deep Blue* (ex-HN 5017). The Company drew $28,680 in May 2015, upon the vessel's delivery to the Company. The facility was repayable in 24 equal, consecutive, quarterly principal installments of $476.5 each, with the first become becoming due and payable three months from the drawdown date, and a balloon installment of $17,245 payable simultaneously with the 24th installment in May 2021. The DVB $31,000 Facility was secured by a first priority mortgage over the financed vessel and general and specific assignments and was guaranteed by Star Bulk Carriers Corp. In March 2016, this facility was fully repaid following the sale of the vessel *Deep Blue* (Note 5).

f) BNP $39,500 Facility:

On March 13, 2015, the Company entered into a committed term sheet with BNP Paribas for up to $39,500 to finance two vessels, the newbuilding vessel *Megalodon* (ex–HN5056) and the 2004-built Panamax vessel *Star Emily*. The loan agreement was executed on September 14, 2015 (the "BNP $39,500 Facility"). In early 2016, the Company entered into an agreement to sell the newbuilding vessel *Megalodon* (ex-HN5056) upon its delivery to the Company (Note 5), and the loan agreement was terminated without having been drawn.

8. Long-term debt – (continued):

g) HSBC $20,000 Dioriga Facility

On April 14, 2014, Dioriga Shipping Co. entered into a loan agreement with HSBC Bank plc (the "HSBC $20,000 Dioriga Facility") for $20,000 to partially finance the construction cost of the vessel *Tsu Ebisu*, which was delivered in April 2014. The HSBC $20,000 Dioriga Facility would mature in March 2019 and was repayable in 20 quarterly installments of $350 each, commencing three months after the drawdown, plus a balloon payment of $13,000 due together with the last installment. The HSBC $20,000 Dioriga Facility was secured by a first priority mortgage over the financed vessel and general and specific assignments. On October 3, 2014, a supplemental agreement to the HSBC $20,000 Dioriga Facility was executed in order for Star Bulk Carriers Corp. to become the guarantor of the HSBC $20,000 Dioriga Facility and to include covenants similar to those of the Company's other vessel financing facilities.

On June 30, 2015, the Company entered into two supplemental agreements with HSBC Bank plc to amend certain covenants included in the HSBC $86,600 Facility and HSBC $20,000 Dioriga Facility until December 31, 2016. In addition, the Company agreed to provide a first priority cross collateralized mortgage over the financed vessels of the HSBC $86,600 Facility and the financed vessel of the HSBC $20,000 Dioriga Facility.

In December 2015, the Company entered into an agreement with a third party to sell the vessel *Tsu Ebisu* (Note 5) and therefore the Dioriga $20.0 million Facility was fully repaid in January 2016.

h) CEXIM $57,360 Facility

On June 26, 2014, Oceanbulk Shipping entered into a loan agreement with the Export-Import Bank of China (the "CEXIM $57,360 Facility") for the financing of an aggregate amount of up to $57,360, which was available in two tranches of $28,680 each, to partially finance the construction cost of the two newbuilding vessels *Bruno Marks* (ex-HN 1312) delivered in January 2016 and *Jenmark* (ex -HN 1313), delivered in March 2016. In December 2015, the Company entered into separate agreements with third parties to sell the newbuilding vessels *Bruno Marks and Jenmark,* upon their delivery to the Company (Note 5) and therefore the CEXIM $57,360 Facility was terminated without being drawn.

Credit Facility Covenants:

The Company's outstanding credit facilities generally contain customary affirmative and negative covenants, on a subsidiary level, including limitations to:

- pay dividends if there is an event of default under the Company's credit facilities or the Deferred Amounts have not been repaid in full;
- incur additional indebtedness, including the issuance of guarantees, refinance or prepay any indebtedness, unless certain conditions exist;
- create liens on Company's assets, unless otherwise permitted under Company's credit facilities;
- change the flag, class or management of Company's vessels or terminate or materially amend the management agreement relating to each vessel;
- acquire new or sell vessels, unless certain conditions exist;
- merge or consolidate with, or transfer all or substantially all Company's assets to, another person; or
- enter into a new line of business.

8. Long-term debt – (continued):

Credit Facility Covenants – (continued):

Furthermore, the Company's credit facilities contain financial covenants requiring the Company to maintain various financial ratios, including:

- a minimum percentage of aggregate vessel value to secured loans (security cover ratio or "SCR");
- a maximum ratio of total liabilities to market value adjusted total assets;
- a minimum EBITDA to interest coverage ratio;
- a minimum liquidity; and
- a minimum market value adjusted net worth.

As of December 31, 2015 and 2016, the Company was required to maintain minimum liquidity, not legally restricted, of $150,000 and $47,566, respectively, which is included within "Cash and cash equivalents" in the accompanying balance sheets. In addition, as of December 31, 2015 and 2016, the Company was required to maintain minimum liquidity, legally restricted, of $13,997 and $14,004 respectively, which is included within "Restricted cash" current and non-current, in the accompanying balance sheets.

As of December 31, 2015, as a result of market conditions, the market value of certain of the Company's vessels was below the minimum SCR required under certain loan agreements. A SCR shortfall does not automatically trigger the acceleration of the corresponding loans or constitute a default under the relevant loan agreements. Under these loan agreements, the Company may remedy an SCR shortfall within a period of 10 to 30 days after it receives notice from the lenders by providing additional collateral or repaying the amount of the shortfall. With respect to such SCR shortfall, the Company did not receive any notices from the relevant lenders that would indicate their intention to exercise their rights under the SCR provisions of the relevant loan agreements and cause acceleration of respective outstanding loan amounts. As of December 31, 2015, $14,268, which was the amount that could be made repayable under the SCR provisions by the lenders (or "SCR Shortfall Amount"), was reclassified as current portion of long term debt within current liabilities. Apart from this, as of December 31, 2015, the Company was in compliance with the applicable financial and other covenants contained in its debt agreements, including the 2019 Notes.

As of August 31, 2016, the Company entered into restructuring letter agreements (the "Restructuring Letter Agreements") with all 15 banks and export credit agencies providing its senior credit facilities to, among other things, (i) defer principal payments owed from June 1, 2016 through June 30, 2018 (the "Deferred Amounts") to the due date of the balloon installments of each facility, (ii) waive in full or substantially relax the financial covenants, effective during the period until December 31, 2019 and (iii) implement a cash sweep mechanism pursuant to which excess cash at consolidated level will be applied towards the payment of Deferred Amounts, payable *pro rata* based on each loan facility's and lease agreement's (Note 5) outstanding Deferred Amounts relative to the total Deferred Amounts at the end of each quarter. In exchange, the Company agreed to raise additional equity of not less than $50.0 million by September 30, 2016 (which condition was satisfied after the completion of the Company's equity offering in September 2016, see Note 9) and impose restrictions on paying dividends until all Deferred Amounts have been repaid (the "Restructuring"). In this respect, the Company has classified all of the amounts outstanding under its bank loans as of December 31, 2016, in accordance with their repayment terms, as amended pursuant to the Restructuring.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

8. Long-term debt – (continued):

Credit Facility Covenants – (continued):

Under all loan agreements, the Company is not allowed to pay dividends until all Deferred Amount have been repaid in full. Additionally, the Company may not pay dividends or distributions if an event of default has occurred and is continuing or would result from such dividend or distribution.

As of December 31, 2016, the Company was in compliance with the applicable financial and other covenants contained in its debt agreements, including the 2019 Notes.

The weighted average interest rate (including the margin) related to the Company's existing debt, including 2019 Notes and capital leases as of December 31, 2014, 2015 and 2016 was 3.53%, 3.69% and 4.13%, respectively. The commitment fees incurred during the years ended December 31, 2015 and 2016, with regards to the Company's unused credit facilities were $3,157 and $472, respectively.

The principal payments required to be made after December 31, 2016, for all the then outstanding debt, after giving effect to the Restructuring, are as follows:

Years		**Amount**
December 31, 2017	$	-
December 31, 2018		166,663
December 31, 2019		309,363
December 31, 2020		64,358
December 31, 2021		130,764
December 31, 2022 and thereafter		81,785
Total Long term debt	**$**	**752,933**
Unamortized Deferred financing fees		9,214
Total Long term debt, net	**$**	**743,719**
Current portion of long term debt		-
Long term debt, net		743,719

The 8.00% 2019 Notes mature in November 2019 and are presented in the accompanying consolidated balance sheets as of December 31, 2015 and 2016 net of unamortized deferred financing fees of $1,677 and $1,243, respectively.

At December 31, 2016, 61 of the Company's 67 owned vessels, having a net carrying value of $1,478,226, were subject to first-priority mortgages as collateral to its loan facilities. In addition, six of the Company's bareboat vessels, having a net carrying value of $228,679, were cross-collateral under the Company's bareboat lease agreements.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

8. Long-term debt – (continued):

Credit Facility Covenants – (continued):

All of the Company's bank loans bear interest at LIBOR plus a margin. The amounts of "Interest and finance costs" included in the accompanying consolidated statements of operations are analyzed as follows:

	2014	2015	2016
Interest on long term debt	$ 15,362	$ 35,969	$ 40,449
Less: Interest capitalized	(7,838)	(12,079)	(3,940)
Reclassification adjustments of interest rate swap loss transferred to Interest and finance costs from Other comprehensive income	1,055	2,416	1,252
Amortization of deferred finance charges	681	2,732	2,855
Other bank and finance charges	315	623	601
Interest and finance costs	**$ 9,575**	**$ 29,661**	**$ 41,217**

During the year ended December 31, 2016, In connection with the prepayments discussed above following (i) the sale of mortgaged vessels, (ii) the cancellation of certain loan commitments resulting from the sale of certain newbuilding vessels upon their delivery from the shipyards and (iii) the termination of two newbuilding contracts as further discussed in Note 5, $2,375 of unamortized deferred finance charges were written off and included under "Loss on debt extinguishment" in the accompanying consolidated statement of operations for the year ended December 31, 2016. During the year ended December 31, 2015 and 2014, $974 and $652, respectively of unamortized deferred finance charges were written off, in connection with loan prepayments and included under "Loss on debt extinguishment" in the accompanying consolidated statement of operations.

9. Preferred, Common Stock and Additional paid in capital:

Preferred Stock: Star Bulk is authorized to issue up to 25,000,000 shares of preferred stock, $0.01 par value with such designations, as voting, and other rights and preferences, as determined by the Board of Directors. As of December 31, 2015 and 2016 the Company had not issued any preferred stock.

Common Stock: On November 23, 2009, at the Company's annual meeting of shareholders, the Company's shareholders voted to approve an amendment to the Amended and Restated Articles of Incorporation increasing the number of common shares that the Company is authorized to issue from 100,000,000 registered common shares, par value $0.01 per share, to 300,000,000 registered common shares, par value $0.01 per share.

Each outstanding share of the Company's common stock entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of shares of common stock are entitled to ratably receive all dividends, if any, declared by the Company's Board of Directors out of funds legally available for dividends. Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of the Company's securities. All outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of holders of shares of common stock are subject to the rights of the holders of any shares of preferred stock which the Company may issue in the future.

5-for-1 reverse stock split: Effective as of June 20, 2016, the Company effected a five-for-one reverse stock split of its common shares (the "June 2016 Reverse Split"). The reverse stock split was approved by shareholders at the Company's Special Meeting of Shareholders held on December 21, 2015. The reverse stock split reduced the number of the Company's common shares from 219,778,437 to 43,955,659 and affected all issued and outstanding common shares. No fractional shares were issued in connection with the reverse split. Shareholders who would otherwise have held a fractional share of the Company's common stock received a cash payment in lieu of such fractional share. All share and per share amounts disclosed in the accompanying financial statements give effect to this reverse stock split retroactively, for all periods presented.

In July 2014, the Company issued as consideration 10,820,840 common shares (adjusted for the June 2016 Reverse Split) in the July 2014 Transactions, consisting of 9,679,153 common shares for the Merger, 718,546 common shares for the acquisition of the Pappas Companies and 423,141 common shares as partial consideration for the acquisition of the Heron Vessels (Note 1).

As disclosed in Note 3 above, 4,520 common shares (adjusted for the latest reverse stock split discussed above) were issued during the year ended December 31, 2014, as part of the consideration for the acquisition of 33% of the total outstanding common stock of Interchart.

As disclosed in Note 12 below, during the year ended December 31, 2014, the Company issued: (i) 78,833 common shares (adjusted for the June 2016 Reverse Split) in connection with its 2014 Equity Incentive Plan; (ii) 1,600 common shares, which were granted to certain directors of the Company; (iii) 1,867 common shares to the Company's former Chief Executive Officer, representing the first installment of his minimum guaranteed incentive award in accordance with his consultancy agreement; and (iv) 33,768 shares to the Company's former Chief Executive Officer pursuant to a termination agreement dated July 31, 2014 (Note 3).

In August 2014, the Company agreed to issue the Excel Vessel Share Consideration of 5,983,462 common shares (adjusted for the latest June 2016 Reverse Split) under the terms of the Excel Transactions. As of December 31, 2015, the Company had issued all shares, out of which 5,131,885 common shares were issued in 2014 as part of the Excel Vessel Share Consideration and the remaining 851,577 shares were issued in 2015 (Note 1 and Note 5).

9. Preferred, Common Stock and Additional paid in capital – (continued):

On January 14, 2015, the Company completed a primary underwritten public offering of 9,800,084 of its common shares, at a price of $25.0 per share (both shares and per share amounts were adjusted for the June 2016 Reverse Split). The aggregate proceeds to the Company, net of underwriters' commissions and offering expenses, were $242,211.

On May 18, 2015, the Company completed a primary underwritten public offering of 11,250,000 of its common shares, at a price of $16.0 per share (both shares and per share amounts were adjusted for the June 2016 Reverse Split). The aggregate proceeds to the Company, net of underwriters' commissions and offering expenses, were $175,586.

As disclosed in Note 3 above, 34,234 common shares (adjusted for the June 2016 Reverse Split) were issued during the year ended December 31, 2015, as consideration for the third installment payable to Oceanbulk Maritime S.A. as commission for the shipbuilding contracts of certain of the Company's newbuilding vessels. On September 9, 2016, the Company issued 138,453 common shares representing the fourth and last installment to Oceanbulk Maritime.

On April 13, 2016, the Company issued 131,545 common shares (adjusted for the June 2016 Reverse Split) in connection with its 2015 Equity Incentive Plan and 3,000 shares (adjusted for the June 2016 Reverse Split) to two of the Company's directors, which had been granted and vested on July 11, 2014 (as discussed in Note 12). In addition, during the fourth quarter of 2016, the Company issued 558,050 common shares in connection with its 2016 Equity Incentive Plan.

On September 20, 2016, the Company completed a primary underwritten public offering of 11,976,745 of its common shares, at a price of $4.30 per share. The aggregate proceeds to the Company, net of underwriters' commissions and offering expenses, were $50,278.

10. Other operational gain:

On June 28, 2013, the Company received a letter from the receivers of STX Pan Ocean Co. Ltd., or STX, terminating the charter agreement for the vessel *Star Borealis*, effective immediately. *Star Borealis* was on time charter at an average gross daily charter rate of $24.75 for the period from September 11, 2011 until July 11, 2021. On September 11, 2014, Star Bulk agreed the settlement of a claim for damages and due hire brought by its subsidiary, Star Borealis LLC ("Star Borealis") arising from the repudiation of the long-term time charter by charterer STX, which claim had been filed with the Seoul Central District Court, Korea, (the "Settled Claim"). Star Borealis negotiated, sold and assigned the rights to the Settled Claim to an unrelated third party for consideration of $8,016, which was received on October 3, 2014. The Company recorded in 2014 a gain of approximately $9,377 including the extinguishment of a $1,361 liability related to the amount of fuel and lubricants remaining on board of the vessel *Star Borealis* at the time of the charter repudiation.

In addition, other operational gain for the year ended December 31, 2014, includes $456 relating to a gain from a hull and machinery insurance claim and a gain from a protection and indemnity claim, as well as $170 relating to a rebate from the Company's previous manning agent.

For the year ended December 31, 2015, other operational gain of $592 was recognized, mainly consisting of $550 cash received from the sale of the shares of charterer Korea Line Corporation ("KLC") acquired in connection with the rehabilitation plan approved by KLC's creditors.

For the year ended December 31, 2016, other operational gain of $1,565 was recognized, mainly consisting of gain from hull and machinery insurance claims.

11. Management fees:

As of January 1, 2015, the Company engaged Ship Procurement Services S.A. ("SPS"), a third party company, to provide to its fleet certain procurement services at a daily fee of $0.295 per vessel. Total management fees to SPS for the year ended December 31, 2015 and 2016, were $7,985 and $7,604, respectively, and are included in Management fees in the accompanying consolidated statement of operations. In addition, Management fees for the year ended December 31, 2015 also include $451 of fees incurred pursuant to the management agreement with Maryville discussed in Note 3.

12. Equity Incentive Plans:

On February 20, 2014, the Company's Board of Directors adopted the 2014 Equity Incentive Plan (the "2014 Plan") and reserved for issuance 86,000 common shares thereunder (adjusted for the June 2016 Reverse Split). The Plan, similarly to the previous incentive plans adopted by the Company, is designed to provide certain key persons, whose initiative and efforts are deemed to be important to the successful conduct of the business of the Company with incentives to enter into and remain in the service of the Company, acquire an interest in the success of the Company, maximize their performance and enhance the long-term performance of the Company.

On February 20, 2014, 78,833 restricted common shares (adjusted for the June 2016 Reverse Split) were granted to certain directors, officers and employees of the Company, which vested on March 20, 2015. Additionally, on February 20, 2014, 1,600 restricted common shares were granted to certain directors of the Company, which vested immediately. The fair value of each share was $54.3, based on the closing price of the Company's common shares on the grant date (adjusted for the June 2016 Reverse Split). The shares were issued in May 2014 along with 1,866 common shares to the Company's former Chief Executive Officer, representing the first installment of his minimum guaranteed incentive award in accordance with his consultancy agreement (Note 3).

On July 11, 2014, 3,000 common shares (adjusted for the June 2016 Reverse Split) were granted to two of the Company's directors and vested on the same date. The Company issued the respective shares in April 2016. The fair value of each share was $60.15, based on the closing price of the Company's common shares on the grant date (also adjusted for the June 2016 Reverse Split).

On August 4, 2014, the Company issued an aggregate of 33,768 common shares (adjusted for the June 2016 Reverse Split) to its former Chief Executive Officer and current Non-Executive Chairman, in accordance with the terms of an agreement to terminate his consultancy agreement, effective July 31, 2014 (Note 3). The fair value of each share was $53.55, based on the closing price of the Company's common stock on the grant date, the date of the release agreement (also adjusted for the June 2016 Reverse Split). In addition, as a result of the termination agreement, the second and the third installments of his minimum guaranteed incentive award under his consultancy agreement of 1,867 and 1,867, which would vest on May 3, 2015 and 2016, respectively, were cancelled (Note 3).

On April 13, 2015, the Company's Board of Directors adopted the 2015 Equity Incentive Plan and reserved for issuance 280,000 common shares thereunder (adjusted for the June 2016 Reverse Split). The terms and conditions of the 2015 Plan are substantially similar to the terms and conditions of Company's previous equity incentive plans. On the same date, the Company granted 135,230 restricted common shares (adjusted for June 2016 Reverse Split) to certain directors, former directors, officers and employees, which vested in April 13, 2016. The Company issued the respective shares in April 2016. The fair value of each restricted share was $17.75, which was determined by reference to the closing price of the Company's common shares on the grant date (also adjusted for the June 2016 Reverse Split).

12. Equity Incentive Plans – (continued):

In addition, on the same date, the Board of Directors granted share purchase options of up to 104,250 common shares to certain executive officers, at an option exercise price of $27.50 per share (both adjusted for the June 2016 Reverse Split). These options are exercisable in whole or in part between the third and the fifth anniversary of the grant date, subject to the respective individuals remaining employed by the Company at the time the options are exercised.

The fair value of all share option awards was calculated based on the modified Black-Scholes method. A description of the significant assumptions used to estimate the fair value of the share option awards is set out below:

- *Option type:* Bermudan call option
- *Grant Date:* April 13, 2015
- *Expected term:* Given the absence of expected dividend payments (discussed below), the Company expects that it is optimal for the holders of the granted options to avoid early exercise of the options. As a result, the Company assumes that the expected term of the options is their contractual term (i.e. five years from the grant date).
- *Expected volatility:* The Company used the historical volatility of the common shares to estimate the volatility of the price of the shares underlying the share option awards. The final expected volatility estimate, which is based on historical volatility for the two years preceding the grant date, was 59.274%.
- *Expected dividends:* The Company does not currently pay any dividends to its shareholders, and the Company's loan agreements contain restrictions and limitations on dividend payments. Based on the foregoing, the outstanding newbuilding orderbook of the Company and the market conditions prevailing in the dry bulk industry at the time of valuation, the Company's management determined that for purposes of this calculation the Company is not expected to pay dividends before the expiration of the share options.
- *Dilution adjustment:* Compared to the number of common shares outstanding, the Company's management considers the overall number of shares covered by the options as immaterial, and no dilution adjustment was incorporated in the valuation model.
- *Risk-free rate:* The Company has elected to employ the risk-free yield-to-maturity rate to match the expected term of the options (which as explained above is expected to be five years from the grant date). As of the grant date, the yield-to-maturity rate of five-year U.S. Government bonds was approximately 1.3%.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

12. Equity Incentive Plans – (continued):

On May 9, 2016, the Company's Board of Directors adopted the 2016 Equity Incentive Plan (the "2016 Plan") and reserved for issuance 940,000 common shares thereunder (adjusted for the June 2016 Reverse Split). The terms and conditions of the 2016 Plan are substantially similar to the terms and conditions of Company's previous equity incentive plans. On the same date, 690,000 restricted common shares (adjusted for the June 2016 Reverse Split) were granted to certain directors, officers, employees of the Company, 650,000 of which vested in July, 2016 while the remaining 40,000 will vest on March 1, 2018. The fair value of each share was $3.75, based on the closing price of the Company's common shares on the grant date (also adjusted for the June 2016 Reverse Split). Out of these shares, 558,050 common shares were issued during the fourth quarter of 2016, and the Company plans to issue the remaining in the first quarter of 2017.

On September 12, 2016, the Company's Board of Directors granted 345,000 restricted common shares to certain of its directors and officers, for their participation in the negotiations with the Company's lenders related to the Restructuring. Out of these shares, 305,000 will vest on March 30, 2017, and the remaining 40,000 will vest on March 1, 2018. The fair value of each share was $4.94, based on the closing price of the Company's common shares on the grant date.

All non-vested shares and options vest according to the terms and conditions of the applicable award agreements. The grantee does not have the right to vote the non-vested shares or exercise any right as a shareholder of the non-vested shares, although the issued and non-vested shares pay dividends as declared. The dividends with respect to these shares are forfeitable. Share options have no voting or other shareholder rights. For the years ended December 31, 2014, 2015 and 2016, the Company paid no dividends on non-vested shares.

The Company expects that there will be no forfeitures of non-vested shares or options. The shares which are issued in accordance with the terms of the Company's equity incentive plans or awards remain restricted until they vest. For the years ended December 31, 2014, 2015 and 2016, the stock based compensation cost was $5,834, $2,684 and $4,166, respectively, and is included under "General and administrative expenses" in the accompanying consolidated statement of operations.

A summary of the status of the Company's non-vested restricted shares as of December 31, 2014, 2015 and 2016, and the movement during these years, is presented below:

	Number of shares	Weighted Average Grant Date Fair Value
Unvested as at January 1, 2014	55,333	$ 37.30
Granted	117,201	54.25
Vested	(89,968)	44.70
Cancelled	(3,733)	31.00
Unvested as at December 31, 2014	78,833	$ 54.30
Unvested as at January 1, 2015	78,833	$ 54.30
Granted	135,230	17.75
Vested	(78,833)	54.30
Unvested as at December 31, 2015	135,230	$ 17.75
Unvested as at January 1, 2016	135,230	$ 17.75
Granted	1,035,000	4.15
Cancelled	(1,685)	17.75
Vested	(783,545)	6.14
Unvested as at December 31, 2016	385,000	$ 4.82

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

12. Equity Incentive Plans – (continued):

The number of shares as well as their exercise price and weighed average grant date fair value have been revised retroactively, for all periods presented, to give effect to the June 2016 Reverse Split, while the total grant date fair value remained unchanged.

A summary of the status of the Company's non-vested share options as of December 31, 2015 and 2016, and the movement during the year, since granted, is presented below:

Options	Shares	Weighted average exercise price	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2015	-	$ -	$ -
Granted	104,250	27.5	7.0605
Outstanding as of December 31, 2015	**104,250**	**$ 27.5**	**$ 7.0605**
Outstanding at January 1, 2016	104,250	$ 27.5	$ 7.0605
Granted	-	-	-
Vested	-	-	-
Outstanding as of December 31, 2016	**104,250**	**$ 27.5**	**$ 7.0605**

The number of outstanding options as well as their exercise price and weighed average grant date fair value have been revised retroactively, for all periods presented, to give effect to the June 2016 Reverse Split, by keeping the total grant date fair value unchanged.

The estimated compensation cost relating to non-vested share option and restricted share awards not yet recognized was $483 and $923, respectively, as of December 31, 2016 and is expected to be recognized over the weighted average period of 3.28 years and 0.5 years, respectively. The total fair value of shares vested during the years ended December 31, 2014, 2015 and 2016 was $5,773, $1,301 and $3,580 respectively.

13. Earnings / (Loss) per share:

All shares issued (including the restricted shares issued under the Company's equity incentive plan) are the Company's common stock and have equal rights to vote and participate in dividends. The restricted shares issued under the Company's equity incentive plans are subject to forfeiture provisions set forth in the applicable award agreement. The calculation of basic earnings per share does not consider the non-vested shares as outstanding until the time-based vesting restriction has lapsed. For the years ended December 31, 2014, 2015 and 2016, during which the Company incurred losses, the effect of 78,833, 135,230 and 385,000 non-vested shares (adjusted for the June 2016 Reverse Split), respectively, as well as the effect of 104,250 non vested share options (adjusted for the June 2016 Reverse Split) as of December 31, 2015 and 2016, would be anti-dilutive, and "Basic loss per share" equals "Diluted loss per share."

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

13. Earnings / (Loss) per share – (continued):

The Company calculates basic and diluted losses per share as follows:

	2014	2015	2016
Income / (Loss):			
Net income / (loss)	$ (11,723)	$ (458,177)	$ (154,228)
Basic earnings / (loss) per share:			
Weighted average common shares outstanding, basic	11,688,239	39,124,673	47,574,454
Basic earnings / (loss) per share	**$ (1.00)**	**$ (11.71)**	**$ (3.24)**
Effect of dilutive securities:			
Dillutive effect of non vested shares	-	-	-
Weighted average common shares outstanding, diluted	11,688,239	39,124,673	47,574,454
Diluted earnings / (loss) per share	**$ (1.00)**	**$ (11.71)**	**$ (3.24)**

14. Accrued liabilities:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	2015	2016
Audit fees	$ 386	$ 216
Legal fees	449	117
Other professional fees	26	7
Vessel Operating and voyage expenses	9,555	7,573
Loan interest and financing fees	4,357	3,539
Income tax	-	267
Total Accrued Liabilities	**$ 14,773**	**$ 11,719**

15. Income taxes

The Company is in the business of international shipping and is not subject to a material amount of income taxes. The Company is subjected to tonnage taxes in certain jurisdictions as described below and accounts for these taxes under “Vessel Operating Expenses” in the accompanying statements of operations. Accordingly, the Company does not record deferred taxes as these are immaterial.

The Company does receive dividends from its operating subsidiaries and these are not subject to withholding taxes nor are these dividends taxed at the Company upon receipt. Thus, the Company does not record deferred tax liabilities for any unremitted earnings as there are no taxes associated with the remittances.

The Company is subjected to tax audits in the jurisdictions it operates in. There have been no adjustments assessed to the Company in the past and the Company believes there are no uncertain tax positions to consider.

15. Income taxes – (continued):

a) Taxation on Marshall Islands Registered Companies and tonnage tax

Under the laws of the countries of the shipowning companies' incorporation and/or vessels' registration, the shipowning companies are not subject to tax on international shipping income, other than taxation on Maltese registration company described below. However, they are subject to registration and tonnage taxes. In addition, each foreign flagged vessel managed in Greece by Greek or foreign ship management companies is subject to Greek tonnage tax, under the laws of the Hellenic Republic. The technical managers of the Company's vessels, which are established in Greece under Greek Law 89/67, are responsible for the filing and payment of the respective tonnage tax on behalf the Company. Furthermore, under the New Tonnage Tax System ("TTS") for Cypriot merchant shipping, qualifying ship managers who opted and are accepted to be taxed under the TTS are subject to an annual tax referred to as tonnage tax, which is calculated on the basis of the net tonnage of the qualifying ships they manage. The technical managers of the Company's vessels, which are established and operate in Cyprus, are responsible for the filing and payment of the respective tonnage tax. These taxes for 2014, 2015 and 2016 amounted to $1,360, $3,717 and $2,438 respectively, and have also been included under "Vessel operating expenses" in the accompanying statements of operations.

b) Taxation on US Source Income – Shipping Income

The Company believes that it was exempt from U.S. federal income tax at 4% on U.S. source shipping income for the taxable years up to 2015, as each vessel-operating subsidiary is organized in a foreign country that grants an equivalent exemption to corporations organized in the United States and the Company's stock was primarily and regularly traded on an established securities market in the United States, as defined by the Internal Revenue Code (IRC) of the United States.

Under IRS regulations, a Company's stock will be considered to be regularly traded on an established securities market if (i) one or more classes of its stock representing 50% or more of its outstanding shares, by voting power of all classes of stock of the corporation entitled to vote and of the total value of the stock of the corporation, are listed on the market and (ii) (A) such class of stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one sixth of the days in a short taxable year; and (B) the aggregate number of shares of such class of stock traded on such market during the taxable year must be at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. Notwithstanding the foregoing, the treasury regulations provide, in pertinent part, that a class of the Company's stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of the Company's outstanding stock, ("5% Override Rule").

For the taxable year 2016 the Company believes that it were not exempt from U.S. federal income tax of 4% on U.S. source shipping income, as it believes that it does not satisfy the Publicly Traded Test for 2016 because it is subject to the 5% Override Rule. As a result, tax reserve of approximately $267 was recognized in the accompanying consolidated statement of operations for the year ended December 31, 2016.

c) Taxation on Maltese Registered Company

In addition to the tax consequences discussed above, the Company may be subject to tax in one or more other jurisdictions, including Malta, where the Company conducts activities. The Company believes that the amount of any such tax imposed upon its operations for years 2015 and 2016 in Malta will be immaterial.

16. Commitments and Contingencies:

a) Legal proceedings

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. The Company's vessels are covered for pollution in the amount of $1 billion per vessel per incident, by the Protection and Indemnity (P&I) Association in which the Company's vessels are entered. The Company's vessels are subject to calls payable to their P&I Association and may be subject to supplemental calls which are based on estimates of premium income and anticipated and paid claims. Such estimates are adjusted each year by the Board of Directors of the P&I Association until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. Supplemental calls, if any, are expensed when they are announced and according to the period they relate to. The Company is not aware of any supplemental calls in respect of any policy years other than those that have already been recorded in its consolidated financial statements.

(i) On July 13, 2011, *Star Cosmo* was retained by the port authority in the Spanish port of Almeria and was released on July 16, 2011. According to the port authority, the vessel allegedly discharged oily water while sailing in Spanish waters in May 2011, more than two months before being retained, and related records were allegedly deficient. An administrative investigation commenced locally. The fines were finally set by the Spanish administrative authorities to €260,000 (approx. $273, using the exchange rate as of December 31, 2016, eur/usd 1.05) and, following their irrevocable adjudication, the fines have been fully settled and the case is considered closed. Up to $1 billion of the liabilities associated with the individual vessel's actions, mainly for sea pollution, are covered by the P&I Club Insurance.

(ii) In March 2013, the Company commenced arbitration proceedings against Hanjin HHIC-Phil Inc., the shipyard that constructed the *Star Polaris*, relating to an engine failure the vessel experienced in Korea. This resulted in 142 off-hire days and the loss of $2,343 in revenues. The Company pursued the compensation for the cost of the repairs and the loss of revenues and following the arbitration hearing in July 2015, the arbitral tribunal issued its partial final award (the "Award"), which found the yard liable for certain aspects of the claim but did not quantify the Award. Following the dismissal of the loss of revenues claim before the High Court of the United Kingdom in the appeal proceedings, a hearing before the arbitral tribunal to quantify the cost of the repairs for which the yard is liable is pending.

(iii) On June 28, 2013, the Company received a letter from the receivers of STX Pan Ocean Co. Ltd., or STX, terminating the charter agreement for the vessel *Star Borealis*. *Star Borealis* was on time charter at an average gross daily charter rate of $24.75 for the period from September 11, 2011 until July 11, 2021. On September 11, 2014, Star Bulk agreed the settlement of a claim for damages and due hire brought by its subsidiary, Star Borealis LLC arising from the purported repudiation of the *Star Borealis* charter agreement by charterer STX (the "Settled Claim"). Star Borealis LLC negotiated, sold and assigned the rights to the Settled Claim to an unrelated third party for $8,016, which was received on October 3, 2014. The Company recorded in 2014 a gain of approximately $9,377 including the extinguishment of a $1,361 liability related to the amount of fuel and lubricants remaining on board of *Star Borealis* at the time of the charter repudiation.

16. Commitments and Contingencies – (continued):

a) Legal proceedings– (continued):

(iv) On October 23, 2014, a purported shareholder (the "Plaintiff") of the Company filed a derivative and putative class action lawsuit in New York state court against the Company's Chief Executive Officer, members of its Board of Directors and several of its shareholders and related entities. The Company has been named as a nominal defendant in the lawsuit. The lawsuit alleges that the acquisition of Oceanbulk and purchase of several Excel Vessels were the result of self-dealing by various defendants and that the Company entered into the respective transactions on unfair terms. The lawsuit further alleges that, as a result of these transactions, several defendants' interests in the Company have increased and that the Plaintiff's interest in the Company has been diluted. The lawsuit also alleges that the Company's management has engaged in other conduct that has resulted in corporate waste. The lawsuit seeks cancellation of all shares issued to the defendants in connection with the acquisition of Oceanbulk, unspecified monetary damages, the replacement of some or all members of the Company's Board of Directors and its Chief Executive Officer, and other relief. The Company believes the claims are completely without merit, denies them and intends to vigorously defend against them in court. On November 24, 2014, the Company and the other defendants removed the action to the United States District Court for the Southern District of New York. On March 4, 2015, the Company and the other defendants moved to dismiss the complaint. On February 18, 2016, the court granted the Company's motion to dismiss in full and dismissed the matter. On February 24, 2016, Plaintiff filed a notice of appeal. The appeal was heard before the Court of Appeals for the Second Circuit on December 6, 2016 and judgment is pending.

b) Other contingencies:

Contingencies relating to Heron

Following the completion of the Merger, Oceanbulk Shipping became a wholly owned subsidiary of the Company. As further discussed in Note 1, Oceanbulk Shipping owned the Heron Convertible Loan, which was convertible into 50% of Heron's equity. After the conversion of the loan, on November 5, 2014 (Note 1), Heron is a 50-50 joint venture between Oceanbulk Shipping and ABY Group Holding Limited, and Oceanbulk Shipping shares joint control over Heron with ABY Group Holding Limited. Based on the applicable related agreements, neither party will entirely control Heron. In addition, any operational and other decisions with respect to Heron will need to be jointly agreed between Oceanbulk Shipping and ABY Group Holding Limited. As of December 31, 2016, all vessels previously owned by Heron have been either sold or distributed to its equity holders. While Oceanbulk Shipping and ABY Group Holding Limited intend that Heron eventually will be dissolved shortly after receiving permission from local authorities, until that occurs, contingencies to the Company may arise. However, the pre-transaction investors in Heron effectively remain as ultimate beneficial owners of Heron, until Heron is dissolved on the basis that, according to the Merger Agreement, any cash received or paid by the Company from the final liquidation of Heron will be settled accordingly by Oceanbulk Sellers. As of December 31, 2015, the Company had an outstanding payable of $50 to the Oceanbulk Sellers, respectively, which is included under "Due to related parties" in the accompanying consolidated balance sheets. As this amount was settled in 2016, the Company had no outstanding balance with the Oceanbulk Sellers as of December 31, 2016.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

16. Commitments and Contingencies – (continued):

c) Lease commitments:

The following table sets forth inflows or outflows, related to the Company's leases, as at December 31, 2016.

	Twelve month periods ending December 31,						
+ inflows/ - outflows	**Total**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022 and thereafter**
Future, minimum, non-cancellable charter revenue (1)	$ 46,161	$ 45,345	$ 816	$ -	$ -	$ -	$ -
Future, minimum, non-cancellable lease payment under vessel operating leases (2)	(2,334)	(2,334)	-	-	-	-	-
Office rent	(1,397)	(249)	(248)	(245)	(241)	(201)	(213)
Bareboat capital leases - upfront hire & handling fees (3)	(5,800)	(5,800)	-	-	-	-	-
Bareboat commitments charter hire (4)	(168,854)	(4,964)	(11,609)	(14,215)	(14,111)	(14,001)	(109,954)
Total	**$ (132,224)**	**$ 31,998**	**$ (11,041)**	**$ (14,460)**	**$ (14,352)**	**$ (14,202)**	**$ (110,167)**

(1) The amounts represent the minimum contractual charter revenues to be generated from the existing, as of December 31, 2016, non-cancellable time and freight charter until their expiration, net of address commission, assuming no off-hire days other than those related to scheduled interim and special surveys of the vessels.

(2) The amounts represent the Company's commitments under the operating lease arrangement for *Maiden Voyage* disclosed in Note 5.

(3) The amounts represent the Company's commitments under the bareboat lease arrangements representing the upfront hire fee and handling fees for those vessels being, as of December 31, 2016, under construction (Note 6).

(4) The amounts represent the Company's commitments under the bareboat lease arrangements representing the charter hire for those vessels that, as of December 31, 2016, either are under construction or have been delivered to the Company. The bareboat charter hire is comprised of fixed and variable portion, the variable portion is calculated based on the 6-month LIBOR of 1.34572%, as of December 31, 2016 (please refer to Note 5 and Note 6).

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

17. Voyage and Vessel operating expenses:

	2014	2015	2016
Voyage expenses			
Port charges	$ 5,132	$ 17,619	$ 30,229
Bunkers	33,146	48,535	28,121
Commissions – third parties	1,902	2,915	2,506
Commissions – related parties (Note 3)	1,997	3,350	3,300
Miscellaneous	164	458	1,665
Total voyage expenses	**$ 42,341**	**$ 72,877**	**$ 65,821**
Vessel operating expenses			
Crew wages and related costs	$ 29,449	$ 65,402	$ 62,920
Insurances	4,561	8,026	6,124
Maintenance, repairs, spares and stores	9,415	18,577	17,194
Lubricants	3,901	8,187	6,372
Tonnage taxes	1,360	3,717	2,438
Upgrading expenses	3,167	6,205	1,784
Miscellaneous	1,243	2,682	1,998
Total vessel operating expenses	**$ 53,096**	**$ 112,796**	**$ 98,830**

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

18. Fair value measurements:

The guidance for fair value measurements applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The same guidance requires that assets and liabilities carried at fair value should be classified and disclosed in one of the following three categories based on the inputs used to determine its fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;

Level 3: Unobservable inputs that are not corroborated by market data.

In addition, ASC 815, "*Derivatives and Hedging*" requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position.

18. Fair value measurements – (continued):

Fair value on a recurring basis:

Interest rate swaps:

The Company enters into interest rate derivative contracts to manage interest costs and risk associated with changing interest rates with respect to its variable interest loans and credit facilities.

In June 2013, the Company entered into two interest rate swap agreements with Credit Agricole Corporate and Investment Bank (the "Credit Agricole Swaps") to fix forward its floating interest rate liabilities under the two tranches of the Credit Agricole $70,000 Facility (Note 8c). The Credit Agricole Swaps were based on an amortizing notional amount beginning from $26,840 and $28,628, for the *Star Borealis andStar Polaris* tranches, respectively, of the Credit Agricole $70,000 Facility. The Credit Agricole Swaps were effective by November and August 2014, respectively, and mature in August and November 2018. Under the terms of the Credit Agricole Swaps, the Company pays on a quarterly basis a fixed rate of 1.705% and 1.720% per annum, respectively, while receiving a variable amount equal to the three month LIBOR, both applied on the notional amount of the swaps outstanding at each settlement date. As of December 31, 2016, the notional amount of these swaps was $22,956 and $24,131, for the vessel *Star Borealis* and the vessel *Star Polaris*, respectively.

In addition, on April 28, 2014, the Company entered into two interest rate swap agreements (the "HSH Swaps") to fix forward 50% of its floating interest rate liabilities for the HSH Nordbank $35,000 Facility (Note 8f). The HSH Swaps came into effect in September 2014 and mature in September 2018. Under the terms of the HSH Swaps, the Company is paying on a quarterly basis a fixed rate of 1.765% per annum, while receiving a variable amount equal to the three month LIBOR, both applied on the notional amount of the swaps outstanding at each settlement date. As of December 31, 2016, the notional amount of these swaps was $14,177.

Up to August 31, 2014, because the Credit Agricole Swaps and the HSH Swaps were not designated as accounting hedges, changes in their fair value at each reporting period up to that date, were reported in earnings under "Gain/ (Loss) on derivative financial instruments, net." On August 31, 2014 the Company designated the Credit Agricole Swaps and the HSH Swaps as cash flow hedges in accordance with ASC 815, "*Derivatives and Hedging*." Since that date, the effective portion of these cash flow hedges is reported in "Accumulated other comprehensive income / (loss)" while the ineffective portion of these cash flow hedges is reported under "Gain / (Loss) on derivative financial instruments, net."

As part of the Merger, the Company acquired five swap agreements that Oceanbulk Shipping had entered during the third quarter of 2013 with Goldman Sachs Bank USA (the "Goldman Sachs Swaps"). The Goldman Sachs Swaps were effective by October 2014 and mature in April 2018. Under their terms, Oceanbulk Shipping makes quarterly payments to the counterparty at fixed rates ranging between 1.79% to 2.07% per annum, based on an aggregate notional amount beginning at $186,307 on July 1, 2015, increasing up to $461,264 on October 1, 2015, and then gradually decreasing through maturity. The counterparty makes quarterly floating rate payments at three-month LIBOR to the Company based on the same notional amount. Upon the completion of the Merger, on July 11, 2014, the Company re-designated the Goldman Sachs Swaps as cash flow hedges in accordance with ASC 815. Accordingly, the effective portion of these cash flow hedges, from that date and until March 31, 2015 (see below), was reported in "Accumulated other comprehensive income / (loss)", while the ineffective portion of these cash flow hedges was reported as gain under "Gain /(Loss) on derivative financial instruments, net", in the statement of operations for the relevant period. As of December 31, 2016 the notional amount of these swaps was $412,074.

18. Fair value measurements – (continued):

Fair value on a recurring basis: – (continued):

Interest rate swaps:

Due to (i) changes in the timing of delivery of some of the Company's newbuilding vessels and, by extension, the timing of some of the forecasted transactions, (ii) changes in LIBOR curves, and (iii) the sale of some of the Company's vessels in 2015 whose loans had been designated as hedged items, the Company determined that the "highly effective" criterion of the hedging effectiveness test for the Goldman Sachs Swaps was not satisfied for the quarter ended June 30, 2015. Consequently, the hedging relationship related to the Goldman Sachs Swaps no longer qualified for special hedge accounting, and as of April 1, 2015, the Company de-designated the cash flow hedge related to the Goldman Sachs Swaps. As a result, changes in the fair value of these swaps since the date of de-designation, April 1, 2015, were reported in earnings under "Gain / (Loss) on derivative financial instruments, net." The amount already reported up to March 31, 2015 in "Accumulated other comprehensive income / (loss)" with respect to the corresponding swaps is reclassified to earnings when the hedged forecasted transaction impacts the Company's earnings (i.e., when the hedged loan interest is incurred), except for amounts related to loans of sold or expected to be sold vessels which are being reclassified to earnings when sale is probable, since the forecasted transaction attributable to these vessels is no longer expected to occur. The unamortized balance of "Accumulated other comprehensive income / (loss)" with respect to the corresponding swaps as of December 31, 2016 was $649.

The amount recognized in Other Comprehensive Income / (Loss) is derived from the effective portion of unrealized losses from cash flow hedges.

An amount of approximately ($354) is expected to be reclassified into earnings during the following 12-month period when realized.

In relation to the above interest rate swap agreements designated as cash flow hedges and in accordance with ASC 815 "*Derivatives and Hedging - Timing and Probability of the Hedged Forecasted Transaction,*" the management of the Company considered the creditworthiness of its counterparties and the expectations of the forecasted transactions and determined that no events have occurred that would make the forecasted transaction not probable.

Forward Freight Agreements:

During the year ended December 31, 2016, the Company entered into a certain number of FFAs on the Capesize, Panamax and Supramax indexes. The results of the Company's FFAs and the valuation of the Company's open position as at December 31, 2016 are presented in the tables below.

STAR BULK CARRIERS CORP.
Notes to Consolidated Financial Statements
December 31, 2016
(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

18. Fair value measurements – (continued):

The amount of Gain/ (Loss) on derivative financial instruments, including forward freight agreements recognized in the accompanying consolidated statements of operations are analyzed as follows:

Consolidated Statement of Operations	**2014**	**2015**	**2016**
Gain/(loss) on derivative instruments, net			
Unrealized gain/(loss) from the Credit Agricole Swaps and the HSH Swaps before hedging designation (August 31, 2014)	$ (799)	$ -	$ -
Unrealized gain/(loss) from the Goldman Sachs Swaps after de-designation of accounting hedging relationship (April 1, 2015)	-	3,443	2,974
Realized gain/(loss) from the Goldman Sachs Swaps after de-designation of accounting hedging relationship (April 1, 2015)	-	(4,918)	(5,048)
Write-off of unrealized loss related to forecasted transactions which are no longer considered probable reclassified from other comprehensive income/(loss)	-	(1,793)	(42)
Ineffective portion of cash flow hedges	-	-	-
Total Gain/(Loss) on derivative instruments, net	**$ (799)**	**$ (3,268)**	**$ (2,116)**
Interest and finance costs			
Reclassification adjustments of interest rate swap loss transferred to Interest and finance costs from Other comprehensive income/(loss)	(1,055)	(2,416)	(1,252)
Total Gain/(Loss) recognized	**$ (1,854)**	**$ (5,684)**	**$ (3,368)**
Gain/(Loss) on forward freight agreements			
Realized gain on forward freight agreements	-	-	370
Unrealized gain on forward freight agreements	-	-	41
Total Gain/(Loss) recognized	$ -	$ -	**$ 411**

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

18. Fair value measurements – (continued):

The following table summarizes the valuation of the Company's financial instruments as of December 31, 2015 and 2016, based on Level 2 observable inputs of the fair value hierarchy.

	Significant Other Observable Inputs (Level 2)			
	2015		2016	
	(not designated as cash flow hedges)	(designated as cash flow hedges)	(not designated as cash flow hedges)	(designated as cash flow hedges)
ASSETS				
Forward freight agreement - asset position	$ -	-	$ 41	-
Total	$ -	-	$ 41	-
LIABILITIES				
Interest rate swaps - liability position (current and non-current)	$ 7,642	807	$ 2,908	437
Total	**$ 7,642**	**807**	**$ 2,908**	**437**

The carrying values of temporary cash investments, restricted cash, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. The fair value of long-term bank loans, bearing interest at variable interest rates, approximates their recorded values as of December 31, 2016.

The 8.00% 2019 Notes have a fixed rate, and their estimated fair value as of December 31, 2016, determined through Level 1 inputs of the fair value hierarchy (quoted price on NASDAQ under the ticker symbol SBLKL), is approximately $43,342.

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

18. Fair value measurements – (continued):

Fair value on a nonrecurring basis

As a result of the decline in charter rates and vessel values during the previous years and because market expectations for future rates were low and vessel values were unlikely to increase to the high levels of 2008, the Company reviewed, in 2014, 2015 and 2016 the recoverability of the carrying amount of its vessels.

The Company's impairment analysis as of December 31, 2014, indicated that the carrying amount of the Company's vessels, was recoverable, and therefore, the Company concluded that no impairment charge, was necessary.

As further discussed in Note 5, the Company recognized an impairment loss of $321,978 for the year ended December 31, 2015, of which:

(i) $17,815 relates to sold operating vessels that had been delivered to their purchasers as of December 31, 2015 or bareboat vessels that were reassigned to their owners during the year. The carrying value of these vessels was written down to the fair value as determined by reference to their agreed sale (or reassignment) prices less costs of sale.

(ii) $201,585 relates to sold operating vessels and newbuildings in 2015 or in early 2016 that had not been delivered to their purchasers as of December 31, 2015. The carrying value of these vessels was written down to the fair value as determined by reference to their agreed sale prices less costs of sale.

(iii) $102,578 relates to certain other operating vessels and newbuildings. Pursuant to its impairment analysis as at December 31, 2015, the Company estimated that these operating vessels and newbuildings would have future undiscounted projected operating cash flows to be earned over their operating life less than their carrying value. In estimating the projected cash flows for these vessels, the Company took into consideration the possibility of their sale, to the extent that attractive sale prices are attainable. The carrying value of these vessels was written down to the fair value as determined by reference to the vessel valuations of independent shipbrokers (as of mid to late December 2015).

The following table summarizes the valuation of these assets described under (ii) and (iii) above, measured at fair value on a non-recurring basis as of December 31, 2015.

Fair Value Measurements Using

Long-lived assets held and used	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) Impairment loss	Impairment loss
Vessels, net	$ —	$ 259,775	$ —	$ 145,631
Advances for vessels under construction	—	36,152	—	158,532
TOTAL	**$ —**	**$ 295,927**	**$ —**	**$ 304,163**

(Expressed in thousands of U.S. dollars – except share, per share data and scrap rates, unless otherwise stated)

18. Fair value measurements – (continued):

As further disclosed in Note 5, during 2016 the Company recognized an impairment loss of $18,537 related to the sale of two operating vessels and the termination of two newbuilding contracts during the year. The carrying value of the sold vessels was written down to the fair value as determined by reference to their agreed sale prices less the costs of their sale (Level 2). In addition pursuant to the Company's impairment analysis for its entire fleet, as at December 31, 2016, using the same framework that was used in the previous years, which is discussed in Note 2(n), the Company recognized an additional impairment loss of $10,684. The carrying value of the respective vessels was written down to the fair value as determined by reference to the vessel valuations of independent shipbrokers (as of December 31, 2016).

The table following table summarizes the valuation of these assets measured at fair value on a non-recurring basis as of December 31, 2016:

Long-lived assets held and used	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) Impairment loss	Impairment loss
Vessels, net	$ —	$ 12,700	$ —	$ 10,684
TOTAL	**$ —**	**$ 12,700**	**$ —**	**$ 10,684**

In addition, please refer to Note 1 for the fair value of assets acquired and liabilities assumed by the Company at the Merger and the Pappas Transaction on July 11, 2014, which was the acquisition date.

19. Subsequent Events:

- On February 2, 2017, the Company completed a private placement of 6,310,272 common shares, at a price of $8.154 per share (the "February 2017 Private Placement"). The aggregate gross proceeds to the Company were approximately $51.5 million, raised for general corporate purposes. One of the Company's significant shareholders, Oaktree and its affiliates, purchased a total of 3,244,292 of the common shares in the February 2017 Private Placement.

- On February 9, 2017, the Company entered into agreement with a third party to sell the vessel *Star Eleonora* at market terms. The vessel was delivered to its new owner in early March.

- On March 1, 2017, the Company took delivery of the Newcastlemax vessel Star Virgo (ex HN 1371), which, as disclosed in Note 5, is financed under a bareboat charter accounted for as a capital lease, from CSSC (Hong Kong) Shipping Company Limited.

- In March 2017, the Company entered into definitive agreements to acquire two modern Kamsarmax drybulk carriers from an unaffiliated third party for an aggregate total consideration of $30.3 million. Each of the vessels has a carrying capacity of 81,713 deadweight tons and was built with high specifications at Jiangsu New Yangzijiang in 2013. The vessels are expected to be delivered to the Company between March and May 2017. The Company is currently in advanced discussions with a financial institution to secure financing for up to 50% of the acquisition costs of the vessels.

STAR BULK CARRIERS CORP.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Star Bulk Carriers Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Star Bulk Carriers Corp. (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 22, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

We have served as the Company's auditor since 2012.

Athens, Greece
March 22, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Star Bulk Carriers Corp.

Opinion on Internal Control over Financial Reporting

We have audited Star Bulk Carriers Corp.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Star Bulk Carriers Corp. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and our report dated March 22, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece
March 22, 2018

STAR BULK CARRIERS CORP.
Consolidated Balance Sheets
As of December 31, 2016 and 2017
(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

	December 31, 2016	December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 181,758	$ 257,911
Restricted cash, current (Note 8)	5,121	7,169
Trade accounts receivable	12,572	18,521
Inventories (Note 4)	14,534	19,345
Due from managers	1,430	-
Due from related parties (Note 3)	922	231
Prepaid expenses and other receivables	5,641	4,215
Derivative asset, current (Note 18)	41	77
Other current assets (Note 6)	6,447	5,157
Total Current Assets	228,466	312,626
FIXED ASSETS		
Advances for vessels under construction and acquisition of vessels (Notes 5 and 6)	64,570	48,574
Vessels and other fixed assets, net (Note 5)	1,707,209	1,775,081
Total Fixed Assets	1,771,779	1,823,655
OTHER NON-CURRENT ASSETS		
Long term investment (Note 3)	970	1,063
Restricted cash, non-current (Note 8)	8,883	8,420
Other non-current assets	1,604	-
TOTAL ASSETS	**$ 2,011,702**	**$ 2,145,764**
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long term debt (Note 8)	$ -	$ 173,958
Lease commitments short term (Notes 5 and 8)	6,235	15,348
Accounts payable	5,200	9,944
Due to managers	-	1,420
Due to related parties (Note 3)	356	229
Accrued liabilities (Note 14)	11,719	10,521
Derivative liability, current (Note 18)	2,549	625
Deferred revenue	2,060	7,229
Total Current Liabilities	28,119	219,274
NON-CURRENT LIABILITIES		
8.00% 2019 Notes and 8.30% 2022 Notes, net of unamortized debt issuance costs of $1,243 and $2,000, respectively (Note 8)	48,757	48,000
Long term debt, net of current portion and unamortized debt issuance costs of $9,214 and $7,119, respectively (Note 8)	743,719	575,137
Lease commitments long term, net of unamortized debt issuance costs of $39 and $35, respectively (Notes 5 and 8)	152,613	214,741
Derivative liability, non current (Note 18)	796	-
Other non-current liabilities	468	560
TOTAL LIABILITIES	974,472	1,057,712
COMMITMENTS & CONTINGENCIES (Note 16)	-	-
STOCKHOLDERS' EQUITY		
Preferred Stock; $0.01 par value, authorized 25,000,000 shares; none issued or outstanding at December 31, 2016 and December 31, 2017 (Note 9)	-	-
Common Stock, $0.01 par value, 300,000,000 shares authorized; 56,628,907 and 64,160,004 shares issued and outstanding at December 31, 2016 and December 31, 2017, respectively (Note 9)	566	642
Additional paid in capital	2,063,490	2,123,108
Accumulated other comprehensive loss (Note 18)	(294)	605
Accumulated deficit	(1,026,532)	(1,036,303)
Total Stockholders' Equity	1,037,230	1,088,052
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 2,011,702**	**$ 2,145,764**

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Operations
For the years ended December 31, 2015, 2016 and 2017
(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

	Years ended December 31, 2015	2016	2017
Revenues:			
Voyage revenues	$ 234,035	$ 221,987	$ 331,976
Management fee income	251	119	-
	234,286	222,106	331,976
Expenses			
Voyage expenses (Note 17)	72,877	65,821	64,682
Charter-in hire expenses	1,025	3,550	5,325
Vessel operating expenses (Note 17)	112,796	98,830	101,428
Dry docking expenses	14,950	6,023	4,262
Depreciation	82,070	81,935	82,623
Management fees (Note 11)	8,436	7,604	7,543
General and administrative expenses	23,621	24,602	30,955
Impairment loss (Note 5, Note 6 and Note 18)	321,978	29,221	-
Loss on time-charter agreement termination (Note 7)	2,114	-	-
Other operational loss	-	503	989
Other operational gain (Note 10)	(592)	(1,565)	(2,918)
(Gain)/Loss on forward freight agreements and bunker swaps (Note 18)	-	(411)	841
(Gain)/Loss on sale of vessel (Note 5)	20,585	15,248	(2,598)
	659,860	331,361	293,132
Operating income / (loss)	**(425,574)**	**(109,255)**	**38,844**
Other Income/ (Expenses):			
Interest and finance costs (Note 8)	(29,661)	(41,217)	(50,458)
Interest and other income/(loss)	1,090	876	2,997
Gain / (Loss) on derivative financial instrument, net (Note 18)	(3,268)	(2,116)	246
Loss on debt extinguishment (Note 8)	(974)	(2,375)	(1,257)
Total other expenses, net	**(32,813)**	**(44,832)**	**(48,472)**
Income/(Loss) before equity in income of investee	**(458,387)**	**(154,087)**	**(9,628)**
Equity in income of investee	210	126	93
Income / (loss) before taxes	**$ (458,177)**	**$ (153,961)**	**$ (9,535)**
Income taxes (Note 15)	-	(267)	(236)
Net income/(loss)	**(458,177)**	**(154,228)**	**(9,771)**
Earnings / (Loss) per share, basic	$ (11.71)	$ (3.24)	$ (0.16)
Earnings / (Loss) per share, diluted	(11.71)	(3.24)	(0.16)
Weighted average number of shares outstanding, basic (Note 13)	39,124,673	47,574,454	63,034,394
Weighted average number of shares outstanding, diluted (Note 13)	39,124,673	47,574,454	63,034,394

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Comprehensive Income / (Loss)
For the years ended December 31, 2015, 2016 and 2017
(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

	Years ended December 31,		
	2015	**2016**	**2017**
Net income / (loss)	**$ (458,177)**	**$ (154,228)**	**$ (9,771)**
Other comprehensive income / (loss):			
Unrealized gains / losses from cash flow hedges:			
Unrealized gain / (loss) from hedging interest rate swaps recognized in Other comprehensive income/(loss) before reclassifications (Note 18)	(5,047)	(372)	47
Less:			
Reclassification adjustments of interest rate swap loss	4,209	1,294	852
Other comprehensive income / (loss)	**(838)**	**922**	**899**
Comprehensive income / (loss)	**$ (459,015)**	**$ (153,306)**	**$ (8,872)**

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Stockholders' Equity
For the years ended December 31, 2015, 2016 and 2017
(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

	Common Stock					
	# of Shares	**Par Value**	**Additional Paid-in Capital**	**Accumulated Other Comprehensive loss**	**Accumulated deficit**	**Total Stockholders' Equity**
BALANCE, January 1, 2015	**21,885,219**	**$ 218**	**$ 1,568,589**	**$ (378)**	**$ (414,127)**	**$ 1,154,302**
Net income / (loss)	-	$ -	$ -	$ -	$ (458,177)	$ (458,177)
Other comprehensive income / (loss)	-	-	-	(838)	-	(838)
Amortization of stock-based compensation (Note 12)	-	-	2,684	-	-	2,684
Issuance of shares for commission to Oceanbulk Maritime	34,234	-	282	-	-	282
Issuance of common stock Excel Transactions (Note 9)	851,577	9	19,299	-	-	19,308
Issuance of common stock (Note 9)	21,050,084	211	417,586	-	-	417,797
BALANCE, December 31, 2015	**43,821,114**	**$ 438**	**$ 2,008,440**	**$ (1,216)**	**$ (872,304)**	**$ 1,135,358**
Net income / (loss)	-	$ -	$ -	$ -	$ (154,228)	$ (154,228)
Other comprehensive income / (loss)	-	-	-	922	-	922
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 12)	692,595	7	4,159	-	-	4,166
Issuance of shares for commission to Oceanbulk Maritime (Note 3)	138,453	1	733	-	-	734
Issuance ofcommon stock (Note 9)	11,976,745	120	50,158	-	-	50,278
BALANCE, December 31, 2016	**56,628,907**	**$ 566**	**$ 2,063,490**	**$ (294)**	**$ (1,026,532)**	**$ 1,037,230**
Net income / (loss)	-	-	$ -	$ -	$ (9,771)	$ (9,771)
Other comprehensive income / (loss)	-	-	-	899	-	899
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 12)	1,220,825	13	9,254	-	-	9,267
Issuance of common stock (Note 9)	6,310,272	63	50,364	-	-	50,427
BALANCE, December 31, 2017	**64,160,004**	**$ 642**	**$ 2,123,108**	**$ 605**	**$ (1,036,303)**	**$ 1,088,052**

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

STAR BULK CARRIERS CORP.
Consolidated Statements of Cash Flows
For the years ended December 31, 2015, 2016 and 2017
(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

	Years ended December 31,		
	2015	**2016**	**2017**
Cash Flows from Operating Activities:			
Net income / (loss)	$ (458,177)	$ (154,228)	$ (9,771)
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:			
Depreciation	82,070	81,935	82,623
Amortization of fair value of above market acquired time charters (Note 7)	9,540	254	-
Amortization of debt issuance costs (Note 8)	2,732	2,855	2,660
Loss on debt extinguishment (Note 8)	974	2,375	1,257
Impairment loss (Note 5)	321,978	29,221	-
Loss / (gain) on sale of vessels (Note 5)	20,585	15,248	(2,598)
Stock-based compensation (Note 12)	2,684	4,166	9,267
Non-cash effects of derivative financial instruments (Note 18)	(121)	(4,182)	(1,821)
Loss on time-charter agreement termination	2,114	-	-
Change in fair value of forward freight derivatives (Note 18)	-	(41)	(36)
Other non-cash charges	38	112	144
Amortization of deferred gain (Note 5)	(22)	(75)	(52)
Write-off of claim receivable	-	225	-
Gain on hull and machinery claim	-	(1,472)	(456)
Equity in income of investee	(210)	(126)	(93)
Changes in operating assets and liabilities:			
(Increase)/Decrease in:			
Restricted cash for forward freight derivatives	-	(216)	(1,834)
Trade accounts receivable	13,876	(1,683)	(5,949)
Inventories	121	(184)	(4,811)
Prepaid expenses and other current assets	(8,497)	3,142	(43)
Due from related parties	(964)	287	745
Due from managers	-	(1,430)	1,430
Increase/(Decrease) in:			
Accounts payable	(5,276)	(4,236)	4,709
Due to related parties	(1,744)	(66)	(127)
Accrued liabilities	1,465	(2,633)	(863)
Due to managers	2,291	(2,291)	1,420
Deferred revenue	(35)	(405)	5,169
Net cash provided by / (used in) Operating Activities	(14,578)	(33,448)	80,970
Cash Flows from Investing Activities:			
Advances for vessels under construction and acquisition of vessels and other assets	(473,917)	(396,154)	(143,684)
Cash proceeds from vessel sales (Note 5)	70,300	380,193	15,153
Decrease in restricted cash	4,500	7,251	482
Increase in restricted cash	(4,525)	(7,042)	(233)
Proceeds from cancellation of vessels under construction	5,800	-	-
Hull and machinery insurance proceeds	309	2,536	1,430
Net cash provided by / (used in) Investing Activities	(397,533)	(13,216)	(126,852)
Cash Flows from Financing Activities:			
Proceeds from bank loans and capital leases	373,993	151,763	160,780
Loan prepayments and repayments	(244,529)	(181,201)	(86,262)
Financing fees paid	(13,094)	(474)	(2,910)
Proceeds from issuance of common stock	418,771	50,589	51,454
Offering expenses paid related to the issuance of common stock	(974)	(311)	(1,027)
Net cash provided by / (used in) Financing Activities	534,167	20,366	122,035
Net (decrease) / increase in cash and cash equivalents	122,056	(26,298)	76,153
Cash and cash equivalents at beginning of period	86,000	208,056	181,758
Cash and cash equivalents at end of the period	$ 208,056	$ 181,758	$ 257,911
Cash paid during the period for:			
Interest	$ 29,813	$ 47,997	$ 50,227

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

1 Basis of Presentation and General Information:

The accompanying consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017, include the accounts of Star Bulk Carriers Corp. ("Star Bulk") and its wholly owned subsidiaries as set forth below (collectively, the "Company").

Star Bulk was incorporated on December 13, 2006 under the laws of the Marshall Islands and maintains executive offices in Athens, Greece. The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership and operation of dry bulk carrier vessels. Since December 3, 2007, Star Bulk shares trade on the NASDAQ Global Select Market under the ticker symbol SBLK.

In 2014, through a series of transactions, the Company acquired the 49 vessels and 26 newbuilding contracts, which were previously owned by Oceanbulk Shipping LLC, Oceanbulk Carriers LLC, Excel Maritime Carriers Ltd. and other entities.

Effective June 20, 2016, the Company effected a 5-for-1 reverse split of its issued and outstanding common shares (the "June 2016 Reverse Split") (Note 9). All share and per share amounts disclosed in the accompanying financial statements give effect to this reverse stock split retroactively, for all periods presented.

In October, 2017, the Company proceeded with the formation of a fully owned subsidiary, Star Logistics Management S.A. (or "Star Logistics"), based in Geneva, Switzerland. Star Logistics focuses on servicing the end user by connecting origination and destination of dry bulk commodities.

Below is the list of the Company's wholly owned subsidiaries as of December 31, 2017:

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

1 Basis of Presentation and General Information - continued:

Subsidiaries owning vessels in operation at December 31, 2017:

	Wholly Owned Subsidiaries	Vessel Name	DWT	Date Delivered to Star Bulk	Year Built
1	Star Ennea LLC	*Star Poseidon*	209,475	February 26, 2016	2016
2	Sea Diamond LLC	*Goliath*	209,537	July 15, 2015	2015
3	Pearl Shiptrade LLC	*Gargantua*	209,529	April 2, 2015	2015
4	Coral Cape Shipping LLC	*Maharaj*	209,472	July 15, 2015	2015
5	Domus Shipping LLC	*Star Ariadne (1)*	207,812	March 28, 2017	2017
6	Star Breezer LLC	*Star Virgo (1)*	207,810	March 1, 2017	2017
7	Star Seeker LLC	*Star Libra (1)*	207,765	June 6, 2016	2016
8	Clearwater Shipping LLC	*Star Marisa (1)*	207,709	March 11 2016	2016
9	Cape Ocean Maritime LLC	*Leviathan*	182,511	September 19, 2014	2014
10	Cape Horizon Shipping LLC	*Peloreus*	182,496	July 22, 2014	2014
11	Sandra Shipco LLC	*Star Pauline*	180,274	December 29, 2014	2008
12	Christine Shipco LLC	*Star Martha*	180,274	October 31, 2014	2010
13	Pacific Cape Shipping LLC	*Pantagruel*	180,181	July 11, 2014	2004
14	Star Borealis LLC	*Star Borealis*	179,678	September 9, 2011	2011
15	Star Polaris LLC	*Star Polaris*	179,600	November 14, 2011	2011
16	Star Trident V LLC	*Star Angie*	177,931	October 29, 2014	2007
17	Sky Cape Shipping LLC	*Big Fish*	177,662	July 11, 2014	2004
18	Global Cape Shipping LLC	*Kymopolia*	176,990	July 11, 2014	2006
19	Star Trident XXV Ltd.	*Star Triumph*	176,343	December 8, 2017	2004
20	Sea Cape Shipping LLC	*Big Bang*	174,109	July 11, 2014	2007
21	Star Aurora LLC	*Star Aurora*	171,199	September 8, 2010	2000
22	Nautical Shipping LLC	*Amami*	98,681	July 11, 2014	2011
23	Majestic Shipping LLC	*Madredeus*	98,681	July 11, 2014	2011
24	Star Sirius LLC	*Star Sirius*	98,681	March 7, 2014	2011
25	Star Vega LLC	*Star Vega*	98,681	February 13, 2014	2011
26	Star Alta I LLC	*Star Angelina*	82,981	December 5, 2014	2006
27	Star Alta II LLC	*Star Gwyneth*	82,790	December 5, 2014	2006
28	Star Trident I LLC	*Star Kamila*	82,769	September 3, 2014	2005
29	Grain Shipping LLC	*Pendulum*	82,619	July 11, 2014	2006
30	Star Trident XIX LLC	*Star Maria*	82,598	November 5, 2014	2007

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

1 Basis of Presentation and General Information - continued:

	Wholly Owned Subsidiaries	Vessel Name	DWT	Date Delivered to Star Bulk	Year Built
31	Star Trident XII LLC	*Star Markella*	82,594	September 29, 2014	2007
32	Star Trident IX LLC	*Star Danai*	82,574	October 21, 2014	2006
33	Star Trident XI LLC	*Star Georgia*	82,298	October 14, 2014	2006
34	Star Trident VIII LLC	*Star Sophia*	82,269	October 31, 2014	2007
35	Star Trident XVI LLC	*Star Mariella*	82,266	September 19, 2014	2006
36	Star Trident XIV LLC	*Star Moira*	82,257	November 19, 2014	2006
37	Star Trident XVIII LLC	*Star Nina*	82,224	January 5, 2015	2006
38	Star Trident X LLC	*Star Renee*	82,221	December 18, 2014	2006
39	Star Trident II LLC	*Star Nasia*	82,220	August 29, 2014	2006
40	Star Trident XIII LLC	*Star Laura*	82,209	December 8, 2014	2006
41	Star Trident XV LLC	*Star Jennifer*	82,209	April 15, 2015	2006
42	Star Trident XVII LLC	*Star Helena*	82,187	December 29, 2014	2006
43	Star Gaia LLC	*Star Charis*	81,711	March 22, 2017	2013
44	Star Elpis LLC	*Star Suzanna*	81,711	May 15, 2017	2013
45	Mineral Shipping LLC	*Mercurial Virgo*	81,545	July 11, 2014	2013
46	Star Trident III LLC	*Star Iris*	76,466	September 8, 2014	2004
47	Star Trident XX LLC	*Star Emily*	76,417	September 16, 2014	2004
48	Orion Maritime LLC	*Idee Fixe (1)*	63,458	March 25, 2015	2015
49	Spring Shipping LLC	*Roberta (1)*	63,426	March 31, 2015	2015
50	Success Maritime LLC	*Laura (1)*	63,399	April 7, 2015	2015
51	Ultra Shipping LLC	*Kaley (1)*	63,283	June 26, 2015	2015
52	Blooming Navigation LLC	*Kennadi*	63,262	January 8, 2016	2016
53	Jasmine Shipping LLC	*Mackenzie*	63,226	March 2, 2016	2016
54	Star Challenger I LLC	*Star Challenger*	61,462	December 12, 2013	2012
55	Star Challenger II LLC	*Star Fighter*	61,455	December 30, 2013	2013
56	Star Axe II LLC	*Star Lutas*	61,347	January 6, 2016	2016
57	Aurelia Shipping LLC	*Honey Badger*	61,320	February 27, 2015	2015
58	Rainbow Maritime LLC	*Wolverine*	61,292	February 27, 2015	2015
59	Star Axe I LLC	*Star Antares*	61,258	October 9, 2015	2015
60	Star Asia I LLC	*Star Aquarius*	60,916	July 22, 2015	2015
61	Star Asia II LLC	*Star Pisces*	60,916	August 7, 2015	2015
62	Star Trident VII LLC	*Diva*	56,582	July 24, 2017	2011
63	Glory Supra Shipping LLC	*Strange Attractor*	55,742	July 11, 2014	2006
64	Star Omicron LLC	*Star Omicron*	53,489	April 17, 2008	2005
65	Star Gamma LLC	*Star Gamma*	53,098	January 4, 2008	2002
66	Star Zeta LLC	*Star Zeta*	52,994	January 2, 2008	2003
67	Star Delta LLC	*Star Delta*	52,434	January 2, 2008	2000
68	Star Theta LLC	*Star Theta*	52,425	December 6, 2007	2003
69	Star Epsilon LLC	*Star Epsilon*	52,402	December 3, 2007	2001
70	Star Cosmo LLC	*Star Cosmo*	52,247	July 1, 2008	2005
71	Star Kappa LLC	*Star Kappa*	52,055	December 14, 2007	2001
		Total dwt	**7,585,704**		

(1) Vessels subject to a capital bareboat lease (Note 5)

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

1 Basis of Presentation and General Information - continued:

Subsidiaries owning newbuildings at December 31, 2017:

	Wholly Owned Subsidiaries	Newbuildings Name	Type	DWT	Expected Delivery Date
1	Star Castle I LLC	HN 1342 (tbn *Star Eleni*) (2)	Newcastlemax	208,000	Jan-18
2	Festive Shipping LLC	HN 1361 (tbn *Star Magnanimus*) (1)	Newcastlemax	208,000	Apr-18
3	Star Castle II LLC	HN 1343 (tbn *Star Leo*)	Newcastlemax	208,000	Apr-18
		Total dwt		**624,000**	

(1) Vessels subject to a bareboat capital lease (Note 5).

(2) *Star Eleni* was delivered to the Company on January 3, 2018 (Note 19) and is subject to a bareboat capital lease (Note 6).

Non-vessel owning subsidiaries at December 31, 2017:

	Wholly Owned Subsidiaries		
1	Star Bulk Management Inc.	25	Star Uranus LLC
2	Starbulk S.A.	26	Star Logistics Management S.A.
3	Star Bulk Manning LLC	27	Gravity Shipping LLC
4	Star Bulk Shipmanagement Company (Cyprus) Limited	28	White Sand Shipping LLC
5	Optima Shipping Limited	29	Premier Voyage LLC
6	Star Omas LLC	30	L.A. Cape Shipping LLC
7	Star Synergy LLC	31	Cape Confidence Shipping LLC
8	Oceanbulk Shipping LLC	32	Cape Runner Shipping LLC
9	Oceanbulk Carriers LLC	33	Olympia Shiptrade LLC
10	International Holdings LLC	34	Victory Shipping LLC
11	Star Ventures LLC	35	Star Cape I LLC
12	Star Logistics LLC (ex Dry Ventures LLC)	36	Star Cape II LLC
13	Unity Holding LLC	37	Positive Shipping Company
14	Star Bulk (USA) LLC	38	OOCape1 Holdings LLC
15	Star Trident XXI LLC	39	Oday Marine LLC
16	Star Trident XXIV LLC	40	Searay Maritime LLC
17	Star Trident XXVII LLC	41	Lowlands Beilun Shipco LLC
18	Star Trident XXXI LLC	42	Star Trident VI LLC
19	Star Trident XXIX LLC	43	KMSRX Holdings LLC
20	Star Trident XXVIII LLC	44	Dioriga Shipping Co.
21	Star Trident XXVI LLC	45	Star Trident XXX LLC
22	Star Trident XXII LLC	46	Star Trident IV LLC
23	Star Trident XXIII LLC	47	Pacific Ventures Holdings LLC
24	Star Alpha LLC	48	Star Mare LLC

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

1. Basis of Presentation and General Information – (continued):

No charterer accounted for more than 10% of the Company's voyage revenue in 2015. Charterers who individually accounted for more than 10% of the Company's voyage revenues during the years ended December 31, 2016 and 2017 are as follows:

Charterer	2015	2016	2017
A	6%	13%	14%

The outstanding accounts receivable balance as at December 31, 2017 of these charterers was $1,969.

2. Significant Accounting policies:

a) ***Principles of consolidation:*** The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), which include the accounts of Star Bulk and its wholly owned subsidiaries referred to in Note 1 above. All intercompany balances and transactions have been eliminated in the consolidation.

Star Bulk as the holding company determines whether it has controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity. Under ASC 810 "Consolidation", a voting interest entity is an entity in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and make financial and operating decisions. Star Bulk consolidates voting interest entities in which it owns all, or at least a majority (generally, greater than 50%), of the voting interest.

Following the provisions of ASC 810 Consolidation, the Company evaluates all arrangements that may include a variable interest in an entity to determine if it may be the primary beneficiary, and would be required to include assets, liabilities and operations of a variable interest entity ("VIE") in its consolidated financial statements. Company's evaluation did not result in an identification of variable interest entities for the years 2015, 2016 and 2017.

b) ***Equity method investments:*** Investments in the equity of entities over which the Company exercises significant influence, but does not exercise control are accounted for by the equity method of accounting. Under this method, the Company records such an investment at cost and adjusts the carrying amount for its share of the earnings or losses of the entity subsequent to the date of investment and reports the recognized earnings or losses in income. The Company also evaluates whether a loss in value of an investment that is other than a temporary decline should be recognized. Evidence of a loss in value might include absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. Dividends received reduce the carrying amount of the investment. When the Company's share of losses in an entity accounted for by the equity method equals or exceeds its interest in the entity, the Company does not recognize further losses, unless the Company has made advances, incurred obligations and made payments on behalf of the entity.

c) ***Use of estimates:*** The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the accompanying consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions.

2. Significant Accounting policies - (continued):

d) ***Comprehensive income/(loss):*** The statement of comprehensive income/(loss) presents the change in equity (net assets) during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by shareholders and distributions to shareholders. Reclassification adjustments are presented out of accumulated other comprehensive income/(loss) on the face of the statement in which the components of other comprehensive income/(loss) are presented or in the notes to the financial statements. The Company follows the provisions of ASC 220 "Comprehensive Income", and presents items of net income/(loss), items of other comprehensive income/(loss) and total comprehensive income/(loss) in two separate and consecutive statements.

e) ***Concentration of credit risk:*** Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents and restricted cash, trade accounts receivable and derivative contracts (including freight derivatives, bunker derivatives and interest rate swaps). The Company's policy is to place cash and cash equivalents, and restricted cash with financial institutions evaluated as being creditworthy and are exposed to minimal interest rate and credit risk. The Company may be exposed to credit risk in the event of non-performance by counter parties to derivative contracts. To manage this risk, the Company has adopted a policy of no exposure in over-the-counter transactions by selecting freight derivatives and bunker swaps that clear through reputable clearing houses, including the London Clearing House. The Company performs periodic evaluations of the relative credit standing of those financial institutions. In addition the Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition.

f) ***Foreign currency transactions:*** The functional currency of the Company is the U.S. Dollar since its vessels operate in the international shipping markets, and therefore primarily transact business in U.S. Dollars. The Company's books of accounts are maintained in U.S. Dollars. Transactions involving other currencies during the period are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the consolidated balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are converted into U.S. Dollars at the period-end exchange rates. Resulting gains or losses are included in "Interest and other income" in the accompanying consolidated statements of operations.

g) ***Cash and cash equivalents:*** The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less or from which cash is readily available without penalty, to be cash equivalents.

h) ***Restricted cash*****:** Restricted cash represents minimum cash deposits or cash collateral deposits required to be maintained with certain banks under the Company's borrowing arrangements or derivative contracts, which are legally restricted as to withdrawal or use. In the event that the obligation to maintain such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets. Otherwise, they are classified as non-current assets.

i) ***Trade accounts receivable, net:*** The amount shown as Trade accounts receivable, net, at each balance sheet date, includes receivables from customers, net of any provision for doubtful debts. At each balance sheet date, the Company provides for doubtful accounts on the basis of specific identified doubtful receivables. As of December 31, 2016 and 2017, provision for doubtful receivables was nil.

j) ***Inventories:*** Inventories consist of consumable lubricants and bunkers, which are stated at the lower of cost or net realizable value following the adoption of ASU 2015-11, effective January 1, 2017, which simplified the subsequent measurement of inventory by replacing the lower of cost or market test with a lower of cost and net realizable value test. Cost is determined by the first in, first out method. The adoption of this Update, did not have a material effect in Company's consolidated financial position and performance.

k) ***Vessels, net:*** Vessels are stated at cost, which consists of the purchase price and any material expenses incurred upon acquisition, such as initial repairs, improvements, delivery expenses and other expenditures to prepare the vessel for its initial voyage. Any subsequent expenditure, when it does not extend the useful life of the vessel, increase the earning capacity or improve the efficiency or safety of the vessel, is expensed as incurred.

2. Significant Accounting policies - (continued):

The cost of each of the Company's vessels is depreciated beginning when the vessel is ready for its intended use, on a straight-line basis over the vessel's remaining economic useful life, after considering the estimated residual value (vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate per ton). Management estimates the useful life of the Company's vessels to be 25 years from the date of initial delivery from the shipyard. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations are adopted.

Effective as of January 1, 2015, following management's reassessment of the residual value of the Company's vessels, the Company increased the estimated scrap rate per light weight tonnage from $0.2 to $0.3. The current value of $0.3 was based on the historical average demolition prices prevailing in the market. The change in this accounting estimate, which pursuant to ASC 250 "Accounting Changes and Error Corrections" was applied prospectively and did not require retrospective application, decreased the depreciation expense and the net loss for the year ended December 31, 2015 by $6,337 or $0.16 loss per basic and diluted share.

l) ***Advances for vessels under construction:*** Advances made to shipyards during construction periods are classified as "Advances for vessels under construction and acquisition of vessels" until the date of delivery and acceptance of the vessel, at which date they are reclassified to "Vessels and other fixed assets, net." Advances for vessels under construction also include supervision costs, amounts paid under engineering contracts, capitalized interest and other expenses directly related to the construction of the vessel or the preparation of the vessel for its initial voyage. Financing costs incurred during the construction period of the vessels are also capitalized and included in the vessels' cost.

m) ***Fair value of above/below market acquired time charter:*** The Company values any asset or liability arising from the market value of the time charters assumed when a vessel is acquired. The value of above or below market acquired time charters is determined by comparing the existing charter rates in the acquired time charter agreements with the market rates for equivalent time charter agreements prevailing at the time the foregoing vessels are delivered. Such intangible asset or liability is recognized ratably as an adjustment to revenues over the remaining term of the assumed time charter.

n) ***Impairment of long-lived assets:*** The Company follows guidance related to the impairment or disposal of long-lived assets which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The standard requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use and eventual disposition of the asset is less than its carrying amount, the Company should record an impairment loss to the extent the asset's carrying value exceeds its fair value. Measurement of the impairment loss is based on the fair value. The Company determines the fair value of its assets based on management estimates and assumptions and by making use of available market data and taking into consideration agreed sale prices and third party valuations.

In this respect, the management regularly reviews the carrying amount of the vessels, including newbuilding contracts, on a vessel-by-vessel basis, when events and circumstances indicate that the carrying amount of the vessels or newbuilding contracts might not be recoverable (such as vessel sales and purchases, business plans, obsolescence or damage to the asset and overall market conditions). When impairment indicators are present, the Company compares undiscounted cash flows to the carrying values of the Company's vessels to determine if the asset is required to be impaired. In developing its estimates of future undiscounted net operating cash flows, the Company makes assumptions and estimates about vessels' future performance, with the significant assumptions being related to charter rates, ship operating expenses, vessels' residual value, fleet utilization and the estimated remaining useful lives of the vessels, assumed to be 25 years from the delivery of the vessel from the shipyard. These assumptions are based on current market conditions, historical industry and Company's specific trends, as well as future expectations.

2. Significant Accounting policies - (continued):

The undiscounted projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed vessel days and an estimated daily time charter equivalent rate for the unfixed days over the estimated remaining economic life of each vessel, net of brokerage and address commissions. Estimates of the daily time charter equivalent for the unfixed days are based on the current Forward Freight Agreement ("FFA") rates, for the first three-year period, and historical average rate levels of similar size vessels for the period thereafter. The expected cash inflows from charter revenues are based on an assumed fleet utilization rate of approximately 98% for the unfixed days, taking also into account expected technical off-hire days. In assessing expected future cash outflows, management forecasts vessel operating expenses, which are based on the Company's internal budget for the first annual period and thereafter assume an annual inflation rate of up to 3% (escalating during the first three-year period) and are capped at the tenth year, as well as vessel expected maintenance costs (for dry docking and special surveys). The estimated salvage value of each vessel is $0.3 per light weight ton, in accordance with the Company's vessel depreciation policy. The Company uses a probability weighted approach for developing estimates of future cash flows used to test its vessels for recoverability when alternative courses of action are under consideration (i.e. sale or continuing operation of a vessel). If the Company's estimate of undiscounted future cash flows for any vessel is lower than the vessel's carrying value, the carrying value is written down to the vessel's fair market value with a charge recorded under "Impairment loss" in the consolidated statement of operations .

Using the framework for estimating projected undiscounted net operating cash flows described above, the Company completed its impairment analysis for the years ended December 31, 2015, 2016 and 2017, for those operating vessels and newbuildings whose carrying values were above their respective market values. For 2017, no asset impairment was necessary. An impairment loss of $321,978 and $29,221 was recognized for the years ended December 31, 2015 and 2016, respectively, which resulted primarily from the Company's actual and intended vessel sales that are further described in Notes 5 and 6.

o) ***Vessels held for sale:*** The Company classifies a vessel as being held for sale when all of the following criteria, enumerated under ASC 360 "Property, Plant, and Equipment", are met: (i) management has committed to a plan to sell the vessel; (ii) the vessel is available for immediate sale in its present condition; (iii) an active program to locate a buyer and other actions required to complete the plan to sell the vessel have been initiated; (iv) the sale of the vessel is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year; (v) the vessel is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Vessels classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. The resulting difference, if any, is recorded under "Impairment loss" in the accompanying consolidated statement of operations. The vessels are not depreciated once they meet the criteria to be classified as held for sale. At December 31, 2016 and 2017, there were no vessels that met the criteria to be classified as held for sale.

p) ***Financing costs:*** Fees paid to lenders or required to be paid to third parties on the lenders' behalf for obtaining new loans, senior notes or for refinancing or amending existing loans, are required to be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, rather than as a deferred finance charges asset. These costs are amortized as interest and finance costs using the effective interest rate method over the duration of the related debt. Any unamortized balance of costs relating to debt repaid or refinanced that meet the criteria for Debt Extinguishment (see Subtopic 470-50), is expensed in the period in which the repayment is made or refinancing occurs. Any unamortized balance of costs relating to debt refinanced that do not meet the criteria for Debt Extinguishment, are amortized over the term of the refinanced debt.

q) ***Debt Modifications and extinguishments:*** The Company follows the provisions of ASC 470-50, "Modifications and Extinguishments" to account for all modifications or extinguishments of debt instruments, except debt that is extinguished through a troubled debt restructuring (see Subtopic 470-60) or a conversion of debt to equity securities of the debtor pursuant to conversion privileges provided in terms of the debt at issuance (see Subtopic 470-20). This subtopic also provides guidance on whether an exchange of debt instruments with the same creditor constitutes an extinguishment and whether a modification of a debt instrument should be accounted for in the same manner as an extinguishment. In circumstances where an exchange of debt instruments or a modification of a debt instrument does not result in extinguishment accounting, this Subtopic provides guidance on the appropriate accounting treatment.

2. Significant Accounting policies - (continued):

r) ***Stock incentive plan awards:*** Stock based compensation represents the cost of shares and share options granted to employees and to directors, for their services, and is included in "General and administrative expenses" in the consolidated statements of operations. The shares are measured at their fair value equal to the market value of the Company's common stock on the grant date. The shares that do not contain any future service vesting conditions are considered vested shares and the total fair value of such shares is expensed on the grant date. Guidance related to stock compensation describes two generally accepted methods of recognizing expense for non-vested share awards with a graded vesting schedule for financial reporting purposes: 1) the "accelerated method'', which treats an award with multiple vesting dates as multiple awards and results in a front-loading of the costs of the award and 2) the "straight-line method'' which treats such awards as a single award and results in recognition of the cost ratably over the entire vesting period. The shares that contain a time-based service vesting condition are considered non-vested shares on the grant date and a total fair value of such shares is recognized using the accelerated method.

The fair value of share options grants is determined with reference to option pricing models, and depends on the terms of the granted options. The fair value is recognized (as compensation expense) over the requisite service period for all awards that vest.

s) ***Dry docking and special survey expenses:*** Dry docking and special survey expenses are expensed when incurred.

t) ***Accounting for revenue and related expenses:*** The Company generates its revenues from charterers for the charterhire of its vessels under time charter agreements, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate, or voyage charter agreements, where a contract is made in the spot market for the use of a vessel for a specific voyage at a specified freight rate per ton.

Under time charter agreements, voyage costs, such as fuel and port charges are borne and paid by the charterer. The Company's time charter agreements are classified as operating leases. Revenues under operating lease arrangements are recognized when a charter agreement exists, the charter rate is fixed and determinable, the vessel is made available to the lessee and collection of the related revenue is reasonably assured. Revenues are recognized ratably on a straight line basis over the period of the respective charter agreement in accordance with guidance related to leases.

Revenue from voyage charter agreements is recognized on a pro-rata basis over the duration of the voyage. Under voyage charter agreements, all voyage costs are borne and paid by the Company.

Demurrage income, which is included in voyage revenues, represents payments by the charterer to the vessel owner when loading or discharging time exceeds the stipulated time in the voyage charter agreements and is recognized when an arrangement exists, services have been performed, the amount is fixed or determinable and collection is reasonably assured.

Deferred revenue includes cash received prior to the balance sheet date and is related to revenue to be earned after such date. The portion of the deferred revenue that will be earned within the next twelve months is classified as current liability and the remaining (if any) as non-current liability.

For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of voyage expenses and expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by points awarded to each pool participant vessel (based on the vessel's age, design, consumption and other performance characteristics) as well as the time each vessel has spent in the pool. Revenue under pooling arrangements is accounted for on an accrual basis and is recognized when an agreement with the pool exists, the price is fixed, services are provided and collectability of the revenue is reasonably assured.

2. Significant Accounting policies - (continued):

Vessel operating expenses include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes, regulatory fees, technical management fees and other miscellaneous expenses.

Voyage expenses consist of brokerage commissions, bunker consumption, port expenses and agency fees related to the voyage.

Brokerage commissions are paid by the Company. Brokerage commissions are recognized over the related charter period and included in voyage expenses. Voyage expenses and vessel operating expenses are recognized as incurred.

In addition expenses related to the chartering-in of vessels owned by third parties are recognized on a pro-rata basis over the duration of the voyage, and are included in voyage expenses, except for the hire expense and the related commissions for chartering-in the respective vessels, which is included within "Charter in hire expense" in the consolidated statement of operations.

u) ***Fair value measurements:*** The Company follows the provisions of ASC 820, "Fair Value Measurements and Disclosures" that defines and provides guidance as to the measurement of fair value. ASC 820 creates a hierarchy of measurement and indicates that, when possible, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets and the lowest priority (Level 3) to unobservable data, for example, the reporting entity's own data. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy (Note 18).

v) ***Earnings/ (loss) per share:*** Earnings or loss per share are computed in accordance with guidance related to Earnings per Share. Basic earnings or loss per share are calculated by dividing net income or loss available to common shareholders by the basic weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by the treasury stock method whereby all of the Company's dilutive securities are assumed to be exercised and the proceeds used to repurchase common shares are calculated at the weighted average market price of the Company's common stock during the relevant periods. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted earnings per share computation (Note 13).

w) ***Segment reporting:*** The Company reports financial information and evaluates its operations and operating results by total charter revenues and not by the type of vessel, length of vessel employment, customer or type of charter. As a result, management, including the Chief Operating Officer, who is the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet, and thus, the Company has determined that it operates under one reportable segment, that of operating dry bulk vessels. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide, subject to restrictions as per the charter agreement, and, as a result, the disclosure of geographic information is impracticable.

x) ***Accounting for leases:*** Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line method over the lease term. As of December 31, 2016, the Company held no operating lease arrangements acting as lessee other than its office leases and an operating lease arrangement for one Supramax vessel (Note 5). As of December 31, 2017, other than the office leases, the Company was the lessee under operating lease arrangements regarding certain chartered-in vessels (Note 16).

2. Significant Accounting policies - (continued):

Leases of vessels are classified as capital leases when they satisfy the criteria for capital lease classification under ASC 840, “Leases.” When the ownership of a vessel is transferred at the end of the lease, or there is a bargain purchase option, the vessel is depreciated on a straight-line basis over its useful life as if the vessel was owned. Otherwise, vessels under capital lease are depreciated on a straight-line basis over the term of the lease. As of December 31, 2016 and 2017 the Company was the lessee under certain capital lease arrangements as further described in Notes 5 and 6. Capital leases are capitalized at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between liability and finance charges to achieve a constant rate on the capital balance outstanding. The interest incurred under a capital lease is included within “Interest and finance costs” in the consolidated statement of operations. The depreciation of vessels under capital lease is included within “Depreciation” in the consolidated statement of operations.

Pursuant to the provisions of the ASC 840, “Leases”, in cases of changes in the contractual terms, the Company reassesses its conclusions for the accounting of the subject leases.

y) ***Derivatives:***

i) Derivative Financial Instrument:

The Company enters into derivative financial instruments to manage risk related to fluctuations of interest rates. In case the instruments are eligible for hedge accounting, at the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy undertaken for the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument’s effectiveness in offsetting exposure to changes in the hedged item’s cash flows attributable to the hedged risk. A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction that could affect profit or loss. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed at each reporting date to determine whether they actually have been highly effective throughout the financial reporting periods for which they were designated. All derivatives are recorded on the balance sheet as assets or liabilities and are measured at fair value. The valuation of interest rate swaps is based on Level 2 observable inputs of the fair value hierarchy such as interest rate curves. For derivatives designated as cash flow hedges, the effective portion of the changes in their fair value is recorded in “Accumulated other comprehensive income / (loss)” and is subsequently recognized in earnings, under “Interest and finance costs” when the hedged items impact earnings, while the ineffective portion, if any, is recognized immediately in current period earnings under “Gain / (Loss) on derivative financial instruments, net.”

The changes in the fair value of derivatives not qualifying for hedge accounting are recognized in earnings. The Company discontinues cash flow hedge accounting if the hedging instrument expires or is sold, terminated or exercised and it no longer meets all the criteria for hedge accounting or if the Company de-designates the instrument as a cash flow hedge. At that time, any cumulative gain or loss on the hedging instrument recognized in equity remains in equity until the forecasted transaction occurs or until it becomes probable of not occurring. When the forecasted transaction occurs, any cumulative gain or loss on the hedging instrument is recognized in earnings. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is reclassified to earnings for the year. Only four out of the nine of the Company’s interest rate swaps were designated as accounting hedges during the years ended December 31, 2016 and 2017 and for the period from April 1, 2015 through December 31, 2015.

2. Significant Accounting policies - (continued):

ii) Forward Freight Agreements and Bunker Swaps:

In addition, from time to time, the Company may take positions in derivative instruments including freight forward agreements, or FFAs. Generally, FFAs and other derivative instruments may be used to hedge a vessel owner's exposure to the charter market for a specified route and period of time. Upon settlement, if the contracted charter rate is less than the average of the rates for the specified route and time period, as reported by an identified index, the seller of the FFA is required to pay the buyer the settlement sum, being an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Based on this, the value of all open positions at each reporting date is measured (Level 2). Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. FFAs are intended to serve as an economic hedge for the Company's vessels that are being chartered in the spot market, effectively locking-in an approximate amount of revenue that the Company expects to receive from such vessels for the relevant periods. All of the FFAs are settled through reputable exchanges such as London Clearing House (LCH). The Company's FFAs do not qualify for hedge accounting and therefore gains or losses are recognized in the accompanying consolidated statements of operations under "(Gain)/Loss on forward freight agreements and bunker swaps."

Also, from time to time, the Company enters into bunker swap contracts to manage its exposure to fluctuations of bunker prices associated with the consumption of bunkers by its vessels. Bunker swaps are agreements between two parties to exchange cash flows at a fixed price on bunkers, where volume, time period and price are agreed in advance. The Company's bunker swaps do not qualify for hedge accounting and are settled through reputable clearing houses, including LCH. The fair value of bunker swaps is the estimated amount that the Company would receive or pay to terminate the swaps at the reporting date (Level 2). Bunker price differentials paid or received under the swap agreements are recognized as part of "(Gain)/Loss on forward freight agreements and bunker swaps".

z) ***Taxation*****:** The Company follows the provisions of ASC 740-10, "Accounting for Uncertainty in Income Taxes" which clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

2. Significant Accounting policies - (continued):

aa) Recent accounting pronouncements – not yet adopted:

Revenue from Contracts with Customers ("Topic 606"): In May 2016, the FASB issued their final standard on revenue from contracts with customers. The standard, which was issued as ASU 2014-09 (Topic 606) by the FASB, and as amended, outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most legacy revenue recognition guidance. The core principle of the guidance in Topic 606, is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in each contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in each contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The standard is effective for public business entities from annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted. The new revenue standard may be applied using either of the following transition methods: (1) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (2) a modified retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption (which includes additional footnote disclosures).

The Company adopted this ASU for the reporting period commencing on January 1, 2018 and elected to use the modified retrospective approach. Its adoption primarily changes the method of recognizing revenue for voyage charters from the discharge-to-discharge method to the loading-to-discharge method. Under the discharge-to-discharge method, revenue was recognized from the discharge of the prior voyage, or contract date of the current voyage if later, until the discharge of the current voyage. Under the load-to-discharge method, revenue is recognized from the load of a voyage until its discharge. The Company's quantitative assessment of the effects of the adoption of this new guidance indicated that the financial impact of the change in timing of revenue recognition as outlined above does not have a material effect to the opening retained earnings as of January 1, 2018. In addition and while the Company's assessment is still ongoing, certain voyage expenses occurred between signing the charter party and arrival at loading port, will be deferred and amortized during the charter period. The Company is currently evaluating also the additional presentation and disclosure requirements of this ASU on its consolidated financial statements. As the number of open voyage charters as at December 31, 2017 is low, the Company expects that the effect of the adoption of this ASU is below 1% of its "Voyage revenues" for the year ended December 31, 2017.

Leases: In February 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases (Topic 842)." ASU 2016-02 will apply to both types of leases – capital (or finance) leases and operating leases. According to the new Accounting Standard, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with term of more than 12 months. ASU 2016 – 02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures. In a recent update, targeted improvements were proposed to the accounting standards that provide for (a) an optional new transition method for adoption that results in initial recognition of a cumulative effect adjustment to retained earnings in the year of adoption and (b) a practical expedient for lessors, under certain circumstances, to combine the lease and non-lease components of revenues for presentation purposes. If the targeted improvements are approved, the Company intends to apply the alternative transition method and intend to elect the practical expedient for lessors for presentation purposes. Early application is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

2. Significant Accounting policies - (continued):

Financial Instruments – Credit Losses (Topic 326): In June 2016, the FASB issued ASU No. 2016-13– Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For public entities, the amendments of this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted. The Company is in the process of assessing the impact of the amendment of this Update on the Company's consolidated financial position and performance.

Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments: In August 2016, the FASB issued ASU No. 2016-15- Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments which addresses the following eight specific cash flow issues with the objective of reducing the existing diversity in practice: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (COLIs) (including bank-owned life insurance policies (BOLIs)); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017 including interim periods within that reporting period, however early adoption is permitted. The Company is currently evaluating the provisions of this guidance and assessing its impact on its consolidated financial statements and notes disclosures.

Statement of Cash Flows (230) - Restricted Cash: In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (230): Restricted Cash". The amendments in this Update require that a statement of cash flows explain the change during the period in the total amount of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. Other than the presentation effects, the adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements and accompanying notes.

Financial Instruments — Derivatives Held or Issued (subsequent to the adoption of ASU 2017-12, Targeted Improvements to Accounting for Hedging Activities)**:** In August 2017, the FASB issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*. ASU 2017-12 amends the current hedge accounting model and requires certain new or modified disclosures to enable entities to better portray the economics of their risk management activities in their financial statements. For public business entities, the amendments in ASU 2017-12 are effective for financial statements issued for fiscal years beginning after 15 December 2018, and interim periods within those fiscal years. For all other entities, the amendments in ASU 2017-12 are effective for financial statements issued for fiscal years beginning after 15 December 2019, and interim periods within fiscal years beginning after 15 December 2020. Early adoption is permitted, including adoption in an interim period. The adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements and accompanying notes.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

3. Transactions with Related Parties:

Transactions and balances with related parties are analyzed as follows:

Balance Sheet

	December 31, 2016	December 31, 2017
Due from related parties		
Oceanbulk Maritime S.A. and its affiliates (d)	$ 922	$ 107
Sydelle Marine Limited (h)	-	44
Starocean Manning Philipines Inc. (i)	-	80
Due from related parties	**$ 922**	**$ 231**
Due to related parties		
Oceanbulk Maritime S.A. and its affiliates (d)	$ 26	-
Management and Directors Fees (b)	323	229
Managed Vessels of Oceanbulk Shipping LLC	7	-
Due to related parties	**$ 356**	**$ 229**

Statements of Operations

	2015	2016	2017
Voyage expenses-Interchart (a)	$ (3,350)	$ (3,300)	$ (3,300)
Executive directors consultancy fees (b)	(633)	(496)	(493)
Non-executive directors compensation (b)	(160)	(148)	(145)
Office rent - Combine Marine Ltd. & Alma Properties (c)	(35)	(34)	(39)
Sydelle Marine Limited (h)	-	-	(329)
Management fee expense - Maryville Maritime Inc. (g)	(451)	-	-
Interest on Excel Vessel Bridge Facility (f)	(220)	-	-

a) **Interchart Shipping Inc. or Interchart:** On February 25, 2014, the Company acquired 33% of the total outstanding common stock of Interchart for total consideration of $200 in cash and 4,520 of the Company's common shares. The common shares were issued on April 1, 2014, and the fair value per share of $72.55 was determined by reference to the per share closing price of the Company's common shares on the issuance date. The ownership interest was purchased from an entity affiliated with family members of Company's Chief Executive Officer. This investment is accounted for as an equity method investment.

In November 2014, the Company entered into a new services agreement with Interchart for chartering, brokering and commercial services for all of the Company's vessels for a monthly fee of $275, with a term until March 31, 2015, which following consecutive renewals is currently effective until December 31, 2018.

During the years ended December 31, 2015, 2016 and 2017 the brokerage commissions charged by Interchart were $3,350, $3,300 and $3,300, respectively, and are included in "Voyage expenses" in the accompanying consolidated statements of operations.

b) **Management and Directors Fees:** The Company has entered into consulting agreements with companies owned and controlled by each one of its Chief Operating Officer and co-Chief Financial Officers. Pursuant to the corresponding agreements, these entities are entitled to receive an annual discretionary bonus, as determined by the Company's Board of Directors in its sole discretion. Pursuant to these agreements, the Company is required to pay an aggregate base fee of $490 per year (this amount includes certain fees determined in Euros), using the exchange rate as of December 31, 2017, which was $1.20 per euro).

The expenses related to the Company's executive officers for the years ended December 31, 2015, 2016 and 2017, were $633, $496 and $493, respectively, and are included under "General and administrative expenses" in the accompanying consolidated statements of operations. The related expenses of non-executive directors for the years ended December 31, 2015, 2016 and 2017 were $160, $148 and $145, respectively, and are included under "General and administrative expenses" in the accompanying consolidated statements of operations. As of December 31, 2016 and 2017, the Company had outstanding payables of $323 and $229, respectively, to its executive officers and directors and non-executive directors, representing unpaid consulting fees and unpaid fees for their participation in the Company's Board of Directors and other special committees.

3. Transactions with Related Parties - (continued):

c) Office rent: On January 1, 2012, Starbulk S.A., entered into a one year lease agreement for office space with Combine Marine Ltd., a company controlled by, Mrs. Milena - Maria Pappas and by Mr. Alexandros Pappas, both of whom are children of Mr. Petros Pappas, the Company's current Chief Executive Officer. The lease agreement provides for a monthly rental of €2,500 (approximately $3.0, using the exchange rate as of December 31, 2017, which was $1.20 per euro). On January 1, 2013, the agreement was renewed, and, unless terminated by either party, it will expire in January 2024. The related rent expense for the years ended December 31, 2015, 2016 and 2017 was $35, $34 and $35, respectively, and is included under "General and administrative expenses" in the accompanying consolidated statements of operations.

In addition, on December 21, 2016 Starbulk S.A., entered into a six year lease agreement for office space with Alma Properties, a company controlled by Mrs. Milena - Maria Pappas. The lease agreement provides for a monthly rental of €300 (approximately $0.4, using the exchange rate as of December 31, 2017, which was $1.20 per euro). The related rent expense for the year ended December 31, 2017 was $4 and is included under "General and administrative expenses" in the relevant accompanying consolidated statement of operations.

d) Oceanbulk Maritime S.A.: Oceanbulk Maritime S.A. ("Oceanbulk Maritime") is a ship management company controlled by Mrs. Milena-Maria Pappas.

On November 25, 2013, the Company's Board of Directors approved a commission payable to Oceanbulk Maritime with respect to its involvement in the negotiations with the shipyards for nine of the Company's contracted newbuilding vessels. The agreement provided for a commission of 0.5% of the shipbuilding contract price for two newbuilding Capesize vessels (*Star Aries* (ex-HN 1338) and *Star Taurus* (ex-HN 1339) and three newbuilding Newcastlemax vessels (*Star Eleni* (ex-HN 1342)), HN 1343 (tbn *Star Leo*) and *Star Poseidon* (ex-HN NE 198) and a flat fee of $200 per vessel for four newbuilding Ultramax vessels *Star Aquarius* (ex-HN 5040), *Star Pisces* (ex-HN 5043), *Star Antares* (ex-HN NE 196) and *Star Lutas* (ex-HN NE 197),which for all the aforementioned newbuilding vessels amounted to $2,077. The Company agreed to pay the commission in four equal installments. The first two installments were paid in cash, while the remaining two installments were paid in the form of common shares, the number of which depended on the price of the Company's common shares on the date of the two remaining installments. The first and the second installments of $519, each, were paid in cash in December 2013 and in April 2014, respectively. On October 28, 2015 and in September 9, 2016, the Company issued 34,234 shares and 138,453 shares representing the third and fourth installment, respectively, the fair value per share was determined by reference to the per share closing price of the Company's common shares on the issuance date. As a result, $813 was capitalized as part of the cost of the aforementioned vessels up to December 31, 2016.

As of December 31, 2016 and 2017, the Company had outstanding receivables of $922 and $107 from Oceanbulk Maritime and its affiliates, respectively. The outstanding balance as of December 31, 2016 includes $415, which represents supervision cost for certain newbuilding vessels managed by Oceanbulk Maritime and paid by the Company. In addition, as of December 31, 2016, the Company had an outstanding payable of $26 to Oceanbulk Maritime and its affiliates.

e) Oaktree Shareholder Agreement: On July 11, 2014, the Company and Oaktree Dry Bulk Holding LLC (including affiliated funds, "Oaktree"), one of the Company's major shareholders, entered into a shareholders agreement (the "Oaktree Shareholders Agreement"). Under the Oaktree Shareholders Agreement, Oaktree has the right to nominate four of the Company's nine directors so long as it beneficially owns 40% or more of the Company's outstanding voting securities. The number of directors able to be designated by Oaktree is reduced to three directors if Oaktree beneficially owns 25% or more but less than 40% of the Company's outstanding voting securities, to two directors if Oaktree beneficially owns 15% or more but less than 25%, and to one director if Oaktree beneficially owns 5% or more but less than 15%. Oaktree's designation rights terminate if it beneficially owns less than 5% of the Company's outstanding voting securities.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

3. Transactions with Related Parties - (continued):

The three directors currently designated by Oaktree are Messrs. Pappas and Balakrishnan and Ms. Box, while Oaktree retains the right to name an additional director under the Oaktree Shareholders Agreement. Under the Oaktree Shareholders Agreement, with certain limited exceptions, Oaktree effectively cannot vote more than 33% of the Company's outstanding common shares (subject to adjustment under certain circumstances).

f) **Excel Transactions:** On August 19, 2014, the Company entered into definitive agreements with Excel Maritime Carriers Ltd. ("Excel") to acquire 34 operating dry bulk vessels (the "Excel Vessels"). As part of this transaction, the Company entered into a $231,000 secured bridge loan facility (the "Excel Vessel Bridge Facility") provided to the Company by Excel's majority equity holders, which were entities affiliated with Oaktree and entities affiliated with Angelo, Gordon & Co. ("Angelo, Gordon"). The principal shareholders of Excel were Oaktree and Angelo Gordon Due to Oaktree's relationship with the Company and the relationship of Oaktree to Excel, the Company concluded that the Excel Transactions, including the acquisition of the Excel Vessels and the conclusion of the Excel Vessel Bridge Facility, should be treated as related party transactions for purposes of its financial statements presentation and disclosure. The Excel Vessel Bridge Facility was fully repaid in January 2015. Interest expense incurred for the year ended December 31, 2015, was $220.

g) **Management agreement with Maryville Maritime Inc.:** Three of the Excel Vessels (*Star Martha*, *Star Pauline* and *Star Despoina*, which were acquired with attached time charters, were managed by Maryville Maritime Inc. ("Maryville"), a subsidiary of Excel from the date of their delivery to the Company up to the expiration of their attached time charters. As described in Note 3(f) above, due to Oaktree's relationship with Excel, the Company concluded that the management agreement with Maryville should be treated as a related party transaction for purposes of its financial statements presentation and disclosure. Maryville managed two of the vessels until August 2015 and one until November 2015, when each of their existing time charters expired. The Company paid Maryville a monthly fee of $17.5 per vessel. Total management fee expense to Maryville for the year ended December 31, 2015 was $451 and is included in "Management fees" in the relevant accompanying consolidated statement of operations.

h) **Sydelle profit sharing agreement:** In April 2017, Sydelle Marine Limited ("Sydelle"), a company controlled by members of the family of Mr. Petros Pappas, entered into a pooling agreement (the "Sydelle Agreement") with the Company's fully owned subsidiary Domus Shipping LLC, owner of the vessel *Star Ariadne*, whereby the net revenues of *Star Ariadne* and the vessel owned by Sydelle, will be equally split between the two companies. Pursuant to the Sydelle Agreement, the pool adjustment for the year ended December 31, 2017 was ($329), which is recorded in "Voyage revenues" in the relevant accompanying consolidated statement of operations. As of December 31, 2017, the Company had an outstanding receivable amount of $44 in connection with the Sydelle Agreement.

i) **StarOcean Manning Philippines Inc.:** The Company has 25% ownership interest in Starocean Manning Philippines, Inc. ("Starocean"), a company that is incorporated and registered with the Philippine Securities and Exchange Commission, which provides crewing agency services. The remaining 75% interest is held by local entrepreneurs. This investment is accounted for as an equity method investment which as of December 31, 2017 stands at $21 and is included in "Other Current Assets" in the relevant accompanying consolidated balance sheet. As of December 31, 2017 the Company has an outstanding receivable of $80 from Starocean relating to advances paid for working capital purposes.

4. Inventories:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	December 31, 2016	December 31, 2017
Lubricants	$ 6,629	$ 7,604
Bunkers	7,905	11,741
Total	**$ 14,534**	**$ 19,345**

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

5. Vessels and other fixed assets, net:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	December 31, 2016	December 31, 2017
Cost		
Vessels	$ 2,037,737	$ 2,184,841
Other fixed assets	1,898	2,015
Total cost	**2,039,635**	**2,186,856**
Accumulated depreciation	(332,426)	(411,775)
Vessels and other fixed assets, net	**$ 1,707,209**	**$ 1,775,081**

Vessels acquired / disposed during the year ended December 31, 2015

Delivery of newbuilding vessels:

(i) On January 8, 2015, the Company took delivery of the vessel *Indomitable* (ex-HN 5016), for which it had previously made a payment of $34,942 in December 2014. To partially finance the delivery installment of the *Indomitable*, the Company drew down $32,480 under a facility with BNP Paribas (the "BNP $32,480 Facility". The Company agreed to sell this vessel in December 2015. The vessel was delivered to its purchasers in April 2016 and the BNP $32,480 Facility was fully repaid.

(ii) On February 27, 2015, the Company took delivery of the vessels *Honey Badger* (ex-HN 164) and *Wolverine* (ex-HN 165), for which the Company paid delivery installments of $19,422 each. On March 13, 2015, the Company drew down $38,162 for the financing of both the *Honey Badger* and the *Wolverine* under the Sinosure Facility (Note 8).

(iii) On March 25, March 31, April 7, and June 26, 2015, the Company took delivery of the Ultramax vessels *Idee Fixe* (ex-HN 1063), *Roberta* (ex-HN 1061), *Laura* (ex-HN 1062) and *Kaley* (ex-HN1064), respectively, which are all subject to separate bareboat charter agreements with Jiangsu Yangzijiang Shipbuilding Co. Ltd. ("New Yangzijiang"). As further described below, the Company accounts for these bareboat charter agreements as capital leases.

(iv) On April 2, 2015, the Company took delivery of the Newcastlemax vessel *Gargantua* (ex-HN 166). On July 15, 2015, the Company took delivery of the Newcastlemax vessels *Goliath* (ex-HN 167) and *Maharaj* (ex-HN 184). The delivery installments of $113,046 in aggregate for the respective vessels, were partially financed by $93,000 drawn down under the DNB-SEB-CEXIM $227,500 Facility (Note 8).

(v) On May 27, 2015, the Company took delivery of the Capesize vessel *Deep Blue* (ex-HN 5017). The delivery installment of $34,982 was partially financed by $28,680 drawn under a facility with DVB Bank SE (the "DVB $31,000 Deep Blue Facility"). The Company agreed to sell this vessel in late 2015. The vessel was delivered to its purchasers in March 2016 and the DVB $31,000 Deep Blue Facility was fully repaid.

(vi) On July 22, 2015 and on August 7, 2015, the Company took delivery of the Ultramax vessels *Star Aquarius* (ex-HN 5040) and *Star* Pisces (ex-HN5043). The delivery installments of $20,359 and $20,351, respectively, were partially financed by $15,237 drawn for each vessel, under the NIBC $32,000 Facility (Note 8) for each vessel.

(vii) On October 9, 2015, the Company took delivery of the Ultramax vessel *Star Antares* (ex-HN 196). The delivery installment of $19,770 was partially financed by $16,738 drawn under the Sinosure Facility (Note 8).

5. Vessels and other fixed assets, net - (continued):

Acquisition of secondhand vessels:

During the year ended December 31, 2015, the remaining six of the Excel Vessels (*Star Nina (ex-Iron Kalypso), Star Nicole (ex-Elinakos), Star Claudia (ex-Happyday), Star Monisha (ex-Iron Beauty), Rodon and Star Jennifer (ex-Ore Hansa*) were delivered to the Company in exchange for 851,577 common shares and $39,475 in cash, completing the acquisitions of 34 vessels from Excel as further described in Note 3 above.

Sale of vessels:

During 2015, the Company entered into various separate agreements with third parties to sell 15 of the Company's vessels (*Star Big*, *Star Mega*, *Maiden Voyage*, *Star Natalie*, *Star Tatianna*, *Star Christianna*, *Star Monika*, *Star Julia*, *Star Nicole*, *Rodon*, *Star Claudia*, *Indomitable*, *Magnum Opus*, *Tsu Ebisu and Deep Blue*). Of these vessels, 11 were delivered to their purchasers in 2015, while the remaining four (*Indomitable*, *Magnum Opus*, *Tsu Ebisu and Deep Blue*) were delivered to their purchasers in 2016. In addition, in late December 2014 the Company had agreed to sell the vessel *Star Kim*, which was delivered to its owner in early 2015. As part of these sales (other than the sale of the vessel *Maiden Voyage* which is separately described below), the Company recognized a net loss on sale of $20,585, which is separately reflected in the accompanying consolidated statement of operations for the year ended December 31, 2015.

On May 28, 2015, the Company entered into an agreement with a third party to sell the vessel *Maiden Voyage*. As part of this transaction, the vessel (currently named *Astakos*) was leased back to the Company under a time charter for two years. The vessel was delivered to its new owner on September 15, 2015 and the Company became the charterer of the vessel on the same date. The lease back did not meet the lease classification test for a capital lease and is accounted for as operating lease. Pursuant to the applicable accounting guidance for sale and lease back transactions, the net gain from the sale of *Maiden Voyage* of $148 was deferred and was amortized in straight line over the lease term. The lease of this vessel ended on August 19, 2017, and the vessel was delivered back to its owners. The net book value of this deferred gain as of December 31, 2016 and 2017 was $51 and $nil, respectively and is reflected within "Other non-current liabilities" in the accompanying consolidated balance sheets, while amortization of this deferred gain for the years ended December 31, 2015, 2016 and 2017 was $22, $75 and $52, respectively and is included within "Charter-In Hire expenses" in the accompanying consolidated statement of operations.

Vessels acquired / disposed of during the year ended December 31, 2016

Delivery of newbuilding vessels:

(i) On January 6, 2016, the Company took delivery of the vessel *Star Lutas* (ex-HN NE 197). The delivery installment of $19,770 was partially financed by $14,813 drawn down under the Sinosure Facility (Note 8).

(ii) On January 8, 2016, the Company took delivery of the vessel *Kennadi* (ex-HN 1080). The delivery installment of $21,229 was partially financed by $14,478 drawn down under the Sinosure Facility (Note 8).

(iii) On February 26, 2016, the Company took delivery of the vessel *Star Poseidon* (ex-HN NE 198). The delivery installment of $33,390 was partially financed by $23,400 drawn down under the DNB–SEB–CEXIM $227,500 Facility (Note 8).

(iv) On March 2, 2016, the Company took delivery of the vessel *Mackenzie* (ex-HN 1081). The delivery installment of $18,221 was partially financed by $12,720 drawn down under the Sinosure Facility (Note 8).

(v) On March 11, 2016 and June 6, 2016, the Company took delivery of the vessels *Star Marisa* (ex-HN 1359) and *Star Libra* (ex-HN 1372), which are each subject to a separate bareboat charter agreement with CSSC (Hong Kong) Shipping Company Limited ("CSSC"). Each of these bareboat charter agreements is accounted for in the Company's consolidated financial statements as a capital lease, as further described below.

5. Vessels and other fixed assets, net - (continued):

Sale of operating vessels and newbuilding vessels upon their delivery from the shipyards in 2016:

As described above, in late 2015, the Company entered into various separate agreements with third parties to sell four of its operating vessels (*Indomitable, Magnum Opus, Tsu Ebisu and Deep Blue*) and five of its newbuilding vessels (*Behemoth, Bruno Marks, Jenmark, Star Aries and Star Taurus*) upon their delivery from the shipyards. In addition, in 2016, the Company entered into various separate agreements with third parties to sell the operating *vessels Obelix, Star Michele, Star Monisha, Star Aline and Star Despoina* and the newbuilding vessel *Megalodon (ex-HN 5056)* upon its delivery from the shipyard. All these vessels were delivered to their purchasers during the year ended December 31, 2016, and the Company recognized an aggregate net loss on sale of $15,248.

In connection with the sale of the vessels *Tsu Ebisu, Deep Blue, Magnum Opus, Obelix, Indomitable, Star Michele, Star Monisha, Star Aline* and *Star Despoina* described above, during the year ended December 31, 2016 the Company prepaid an aggregate amount of $130,062 under the Deutsche Bank $85,000 Facility, the HSBC $20,000 Dioriga Facility, the DVB $31,000 Facility, the ABN $87,458 Facility, the Commerzbank $120,000 Facility, the BNP $32,480 Facility, the DNB $120.0 million Facility, the Heron Vessels Facility and the Citi Facility (Note 8).

Vessels acquired / disposed of during the year ended December 31, 2017

Delivery of newbuilding and secondhand vessels:

(i) On March 1, 2017 and March 28, 2017, the Company took delivery of the Newcastlemax vessel *Star Virgo* (ex-HN 1371) and *Star Ariadne* (ex-HN 1360), respectively , which, as further described below, are financed under bareboat charters from CSSC, which is accounted for as a capital leases.

(ii) On March 2, 2017, the Company entered into agreements to acquire two modern Kamsarmax dry bulk vessels from a third party for $15,150 each. Each of the vessels has a carrying capacity of 81,711 deadweight tons and was built with high specifications at Jiangsu New Yangzijiang in 2013. *Star Charis* was delivered to the Company on March 22, 2017, and *Star Suzanna* was delivered to the Company on May 15, 2017. On June 23, 2017, the Company executed a new loan agreement with ABN AMRO Bank N.V. for an aggregate principal amount of $30,844, $16,000 of which was drawn in June 2017, in order to partially finance the two vessels (Note 8).

(iii) On June 2, 2017, the Company entered into an agreement to acquire *Diva*, a Supramax vessel with carrying capacity of 56,582 deadweight tons, built at Jiangsu Hantong Ship Heavy Industry co Ltd China in 2011, for a purchase price of $10,500. The vessel was delivered to the Company on July 24, 2017 and replaced the sold vessel *Star Eleonora*, as a pledged vessel under the DNB $120,000 Facility (Note 8).

(iv) On October 25, 2017, the Company entered into an agreement to acquire *Star Triumph*, a Capesize vessel with carrying capacity of 176,343 deadweight tons, built at Universal Shipbuilding Shipyard, Japan in 2004, for a purchase price of $14,200. The vessel was delivered to the Company on December 8, 2017 and replaced the sold vessel *Star Vanessa*, as a pledged vessel under the Deutsche Bank AG $39,000 Facility (Note 8).

Sale of vessels:

On February 9, 2017, the Company entered into an agreement with a third party to sell the vessel *Star Eleonora*. The vessel was delivered to its new owner in March 2017. In addition, on September 15, 2017, the Company entered into an agreement with a third party to sell the vessel *Star Vanessa*. The vessel was delivered to its new owners on November 1, 2017. In connection with these sales, the Company recognized an aggregate net gain on sale of $2,598.

5. Vessels and other fixed assets, net - (continued):

Capital leases:

In 2013, the Company entered into separate bareboat charter party contracts with affiliates of New Yangzijiang shipyards for the construction of the Ultramax vessels *Idee Fixe* (ex-HN 1063), *Roberta* (ex-HN 1061), *Laura* (ex-HN 1062) and *Kaley* (ex-HN1064). The vessels were constructed pursuant to four shipbuilding contracts entered into between four pairings of affiliates of New Yangzijiang. Each pair had one shipyard party (each, a "New YJ Builder") and one ship-owning entity (each a "New YJ Owner"). Delivery of each vessel to the Company was deemed to occur upon delivery of the vessel to the New YJ Owner from the corresponding New YJ Builder. Pursuant to the terms of the bareboat charter, the Company was required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount of $20,680 for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, is financed by the relevant New YJ Owner, to whom the Company pays a pre-agreed daily bareboat charter hire rate on a 30-days advance basis. Following each vessel's delivery, the Company has monthly purchase options to acquire the vessel at pre-determined, amortizing-during-the-charter-period prices. On the eighth anniversary of the delivery of each vessel, the Company has the obligation to purchase the vessel at a purchase price of $6,000. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the four vessels. As further described above, the Company took delivery of these four vessels during the year ended December 31, 2015

In 2013, the Company entered into separate bareboat charter party contracts with CSSC for the construction of the Newcastlemax vessels *Star Marisa* (ex-HN 1359), *Star Ariadne* (ex-HN 1360) and the HN 1361 (tbn *Star Magnanimus*). Each pair has one shipyard party and one ship-owning entity. Delivery of each vessel to the Company is deemed to occur upon delivery of the vessel to the SWS Owner from the corresponding SWS Builder. Pursuant to the terms of the bareboat charter, the Company is required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount ranging from $39,968 to $43,152 for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, which is financed by the relevant SWS Owner, to whom the Company is required to pay a daily bareboat charter hire rate payable monthly plus a variable amount. After each vessel's delivery, the Company has monthly purchase options to acquire the vessel at pre-determined, amortizing-during-the-charter-period prices. On the tenth anniversary of the delivery of each vessel, the Company has the obligation to purchase the vessel at a purchase price ranging from approximately $11,990 to $12,946. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the three vessels. As further described above, the Company took delivery of the *Star Marisa* (ex-HN 1359) during the year ended December 31, 2016, *Star Ariadne* (ex-HN 1360) during the year ended December 31, 2017, while HN 1361 (tbn *Star Magnanimus*) is expected to be delivered in April 2018.

On February 17, 2014, the Company entered into separate bareboat charter party contracts with CSSC (Hong Kong) Shipping Company Limited, or CSSC, an affiliate of Shanghai Waigaoqiao Shipbuilding Co., Ltd. ("SWS"), a Chinese shipyard, to bareboat charter for ten years, two fuel efficient newbuilding Newcastlemax dry bulk vessels, the "CSSC Vessels", each with a cargo carrying capacity of 208,000 dwt. The vessels were constructed pursuant to shipbuilding contracts entered into between two pairings of affiliates of SWS. Each pair had one shipyard party (each, an "SWS Builder") and one ship-owning entity (each an "SWS Owner"). Delivery to the Company of each vessel was deemed to occur upon delivery of the vessel to the SWS Owner from the corresponding SWS Builder. Pursuant to the terms of the bareboat charters, the Company was required to pay upfront fees, corresponding to the pre-delivery installments to the shipyard. An amount of approximately $43,200 and $40,000, respectively, for the construction cost of each vessel, corresponding to the delivery installment to the shipyard, was financed by the relevant SWS Owner, to whom the Company pays a daily bareboat charter hire rate payable monthly plus a variable amount. Under the terms of the bareboat charters, the Company has the option to purchase the CSSC Vessels at any time after each vessel's delivery, such option being exercisable on a monthly basis against pre-determined, amortizing-during-the-charter-period prices whilst it has a respective obligation of purchasing the vessels at the expiration of the bareboat term at a purchase price of approximately $12,960 and $11,990, respectively. Upon the earlier of the exercise of the purchase options or the expiration of the bareboat charters, the Company will own the CSSC Vessels. As further described above, the Company took delivery of the *Star Libra* (ex-HN 1372) during the year ended December 31, 2016, while the HN 1371 (tbn *Star Virgo*) was delivered in March 2017.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

5. Vessels and other fixed assets, net - (continued):

Based on applicable accounting guidance, the Company determined that the bareboat charters described above should be classified as capital leases. As a result, in accordance with the applicable capital lease accounting guidance, with respect to the vessels already delivered, the Company recorded a financial liability and a financial asset equal to the lower of the fair value of the asset at the inception of the lease and the present value of the minimum lease payments at the beginning of the lease term. The net book value of these vessels (which includes the upfront fees paid by the Company until the delivery of the vessel, net of accumulated depreciation) as of December 31, 2016 and 2017 is reflected within “Vessels and other fixed assets, net” in the accompanying consolidated balance sheet. The amortization of these leased assets is included within “Depreciation expense” in the accompanying consolidated statement of operations. The interest expense on the financial liability related to these capital leases for the years December 31, 2015, 2016 and 2017 was $3,088, $7,477 and $12,590, respectively, and is included within “Interest and finance costs” in the accompanying consolidated statement of operations. As of December 31, 2016 and 2017 the net book value of the vessels was $228,679 and $325,301, respectively, with accumulated amortization of $10,144 and $21,264, respectively.

Following the execution of the Restructuring Letter Agreements entered in August 2016 between the Company and its lenders and export credit agencies described in Note 8, during the fourth quarter of 2016 the Company entered into a Restructuring Letter Agreement with one of our existing lease providers to defer a portion of the principal repayments included in the hire amounts that were scheduled for payment between 1 October 2016 and 30 June 2018 under all the lease agreements with the respective lease provider. The deferred hire amounts will be amortized on a monthly basis in the remaining charter period, unless otherwise prepaid as part of a cash sweep mechanism which has been implemented on a consolidated level, as described in detail in Note 8.

The payments required to be made after December 31, 2017, for the outstanding capital lease obligations as of December 31, 2017, taking effect of the deferral of the hire agreed with CSSC described above, are as follows:

Twelve month periods ending		**Amount**
December 31, 2018	$	28,901
December 31, 2019		31,836
December 31, 2020		32,742
December 31, 2021		32,552
December 31, 2022		32,118
December 31, 2023 and thereafter		146,707
Total capital lease minimum payments	**$**	**304,856**
Unamortized debt issuance costs		35
Total lease commitments, net	**$**	**304,821**
Excluding bareboat interest		74,732
Lease commitments – current portion		15,348
Lease commitments – non-current portion		214,741

Impairment Analysis

As a result of the decline in charter rates and vessel values during the previous years and since market expectations for future rates were low and vessel values were unlikely to increase to the high levels of 2008, the Company reviewed the recoverability of the carrying amount of its vessels in 2015, 2016 and 2017.

As part of the sales agreed in 2015 and early 2016, as described above and the reassignment of the leases of two newbuilding vessels back to the vessels; owner (Note 6), the Company recognized an impairment loss in 2015 of $219,400. In addition, in light of the continued economic downturn and the prevailing conditions in the shipping industry, as of December 31, 2015, the Company performed an impairment analysis for each of its operating vessels and newbuildings whose carrying value was above its market value.

Based on the Company’s impairment analysis framework described in Note 2(n), taking also into consideration the probability of vessel sales, the future undiscounted projected net operating cash flows for certain of its operating and newbuilding vessels over their operating life were below their carrying value and therefore the Company recognized an additional impairment loss of $102,578 for the year ended December 31, 2015. The total impairment charge of $321,978, for the year ended December 31, 2015 is separately reflected in the accompanying consolidated statement of operations (Note 18).

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

5. Vessels and other fixed assets, net - (continued):

In connection with the termination of two shipbuilding contracts (Note 6) and the sale of two operating vessels and by reference to their agreed sale prices less costs to sell (Level 2), the Company recognized during the year ended December 31, 2016, an impairment loss of $18,537. In addition, based on the Company's impairment analysis, using the same framework that was used in the previous years, which is described in Note 2(n) and taking also into consideration the probability of vessel sales, the Company recognized an additional impairment loss of $10,684. The total impairment charge of $29,221, for the year ended December 31, 2016 is separately reflected in the accompanying consolidated statement of operations (Note 18).

The Company's annual impairment analysis for the year ended December 31, 2017 did not result in any impairment charges due to improvements in the dry bulk market.

6. Advances for vessels under construction and acquisition of vessels:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	December 31, 2016	December 31, 2017
Pre-delivery yard installments and Fair value adjustment	$ 32,602	$ 30,402
Bareboat capital leases – upfront hire & handling fees	25,272	10,460
Capitalized interest and finance costs	4,966	4,753
Other capitalized costs	1,730	2,959
Total	**$ 64,570**	**$ 48,574**

During the year ended December 31, 2015, the Company agreed to reassign the leases for two newbuilding vessels back to the vessels' owner for a one-time refund to the Company of $5,800 each.

During the year ended December 31, 2016, the Company terminated two shipbuilding contacts, leaving the Company with no future capital expenditure obligations with respect to these two newbuildings and an impairment charge of $1,068 was recorded in the year ended December 31, 2016, in order to write off the total amount of assets, in respect with the two terminated shipbuilding contracts.

As summarized in the relevant table of Note 1, as of December 31, 2017, the Company was party to three newbuilding contracts or lease arrangements for the construction of three Newcastlemax drybulk carriers.

In order to finance the delivery installment of vessel HN 1342 (*Star Eleni*), on December 13, 2017, the Company sold the vessel and simultaneously entered into a bareboat charter party contract with CSSC (Hong Kong) Shipping Company Limited, or CSSC, an affiliate of Shanghai Waigaoqiao Shipbuilding Co., Ltd. ("SWS"), a Chinese shipyard, to bareboat charter the vessel for ten years. Pursuant to the terms of the bareboat charter, an amount of $30,000, for the construction cost of the vessel, corresponding to the delivery installment to the shipyard, was financed by CSSC, to whom the Company pays a daily bareboat charter hire rate payable monthly plus a variable amount. The difference between the sale price of the vessel and the finance amount of $30,000 was considered to be upfront hire and was agreed to be set-off against part of the sale price. Under the terms of the bareboat charter, the Company has the option to purchase the vessel at any time after vessel's delivery, such option being exercisable on a monthly basis against pre-determined, amortizing-during-the-charter-period prices whilst it has a respective obligation of purchasing the vessels at the expiration of the bareboat term at a purchase price of approximately $9,000. Upon the earlier of the exercise of the purchase option or the expiration of the bareboat charter, the Company will own the vessel. As further described above, the Company took delivery of the HN 1342 (*Star Eleni*) on January 3, 2018 (Note 19).

As of December 31, 2017, the total aggregate remaining contracted price for these three newbuilding vessels plus agreed extras was $103,492, all of which are payable during the next twelve months ending December 31, 2018. An amount of $69,984 in aggregate, for HN 1361 (tbn *Star Magnanimus*) and HN 1342 (tbn *Star Eleni*), will be financed through bareboat capital lease arrangement, as described above in Note 5, the commitments of which are reflected in Note 16.

6. Advances for vessels under construction and acquisition of vessels - (continued):

In addition, as of December 31, 2017, the Company is entitled to receive a refund of $1,604 from the shipyards which is separately reflected in the accompanying relevant consolidated balance sheet under “Other current assets”.

7. Fair value of Above Market Acquired Time Charters:

In the second quarter of 2015, the Company entered into an agreement with a third party to sell the vessel *Star Big.* In view of its planned sale, its attached above market time charter acquired with vessel’s acquisition in 2011 was terminated earlier, and the unamortized balance of $2,114, at June 30, 2015, was written-off. Such amount is reflected under “Loss on time charter agreement termination” in the accompanying consolidated statement of operations for the year ended December 31, 2015.

As part of the merger with Oceanbulk Shipping LLC (“Oceanbulk Shipping”) and Oceanbulk Carriers LLC (collectively, “Oceanbulk”) in July 2014 (the “Merger”), a $1,967 intangible asset was recognized corresponding to a fair value adjustment for two favorable time charters under which Oceanbulk was the lessor at the time of acquisition, with respect to vessels *Amami and Madredeus*.

In addition, for three Excel Vessels *Star Martha (ex Christine)*, *Star Pauline (ex Sandra)* and *Star Despoina (ex Lowlands Beilun)*, which were transferred to the Company subject to existing charters, the Company recognized an asset of $8,076, since it determined that the respective charters were favorable comparing to the existing charter rates.

For the years ended December 31, 2015 and 2016, the amortization of fair value of the above market acquired time charters were $9,540 and $254, respectively, and is included under “Voyage revenues” in the accompanying consolidated statements of operations. The accumulated amortization of these above market time charters as of December 31, 2016 was $30,994. These assets had been fully amortized by December 31, 2016.

8. Long-term debt:

Following the execution of the Restructuring Letter Agreements in August 2016 and the related supplemental agreements (the “Supplemental Agreements”), as described below, the Company agreed with all of its lenders to, among others things, defer principal payments owed from June 1, 2016 through June 30, 2018 (the “Deferred Amounts”) to the due date of the balloon installments of each facility. As a consequence no principal payments were required to be made within the twelve months from the year ended December 31, 2016 and therefore no current portion of long term debt was outstanding as of December 31, 2016.

On December 28, 2017 the Company announced that in light of its improved performance and the dry bulk market in general, it is planning to make debt principal repayments that are in total at least equivalent to the amortization payments scheduled prior to the commencement of debt amortization holidays for the first and second quarter 2018, starting from January 1st 2018, under the “cash sweep” mechanism incorporated in its loan agreements as further discussed below. As a consequence, the current portion of long term debt outstanding as of December 31, 2017, as presented in the accompanying balance sheet, has been adjusted accordingly.

a) Commerzbank $120,000 Facility:

On December 27, 2007, the Company entered into a loan agreement with Commerzbank AG for up to $120,000, in order to partially finance the acquisition cost of the vessels, *Star Gamma*, *Star Delta*, *Star Epsilon*, *Star Zeta*, and *Star Theta* (the “Commerzbank $120,000 Facility”). The Commerzbank $120,000 Facility is secured by a first priority mortgage over the financed vessels. The Commerzbank $120,000 Facility was amended in June and December 2009. As amended, the Commerzbank $120,000 Facility had two tranches. One tranche of $50,000 was repayable in 28 consecutive quarterly installments, which commenced in January 2010, consisting of (i) the first four installments of $2,250 each, (ii) the next 13 installments of $1,000 each and (iii) the remaining 11 installments of $1,300 each, with a final balloon payment of $13,700 payable along with the last installment. The second tranche of $70,000 was repayable in 28 consecutive quarterly installments, which commenced in January 2010, consisting of i) the first four installments of $4,000 each and (ii) the remaining 24 installments of $1,750 each, with a final balloon payment of $12,000 payable together with the last installment.”

8. Long-term debt - (continued):

b) Commerzbank $26,000 Facility:

On September 3, 2010, the Company entered into a loan agreement with Commerzbank AG for up to $26,000 in order to partially finance the acquisition cost of the vessel, *Star Aurora* (the “Commerzbank $26,000 Facility”). The Commerzbank $26,000 Facility was secured by a first priority mortgage over the financed vessel.

Supplemental Agreement - Commerzbank $120,000 and $26,000 Facilities

On December 17, 2012, the Company executed a commitment letter with Commerzbank to amend the Commerzbank $120,000 Facility and the Commerzbank $26,000 Facility. The definitive documentation for the supplemental agreement (the “Commerzbank Supplemental”) was signed on July 1, 2013. Pursuant to the Commerzbank Supplemental, the Company paid Commerzbank a flat fee of 0.40% of the combined outstanding loans under the two facilities and agreed, subject to certain conditions, to (i) amend some of the covenants governing the two facilities, (ii) prepay $2,000, pro rata against the balloon payments of each facility, (iii) raise $30,000 in equity (which condition was satisfied after the completion of the Company’s rights offering in July 2013 (Note 9)) and (iv) increase the loan margins. In addition, Commerzbank agreed to defer 60% and 50% of the quarterly installments for the years ended December 31, 2013 and 2014 (the “2013 Deferred Amounts”), to the balloon payments or to a payment in accordance with a semi-annual cash sweep mechanism; under which all earnings of the mortgaged vessels after operating expenses, dry docking provision, general and administrative expenses and debt service, if any, will be used as repayment of the 2013 Deferred Amounts. The Company was not permitted to pay any dividends as long as 2013 Deferred Amounts are outstanding and/or until original terms are complied with.

On March 30, 2015, the Company and Commerzbank AG signed a second supplemental agreement (the “Commerzbank Second Supplemental”). Under the Commerzbank Second Supplemental, the Company agreed to (i) prepay $3,000, (ii) amend some of the covenants governing this facility, and (iii) change the repayment date for the Commerzbank $26,000 Facility from September 7, 2016 to July 31, 2015. The Company fully repaid the Commerzbank $26,000 Facility in June 2015, and the vessels *Star Aurora* and *Star Zeta* were released from the vessel mortgage.

On June 29, 2015, the Company and Commerzbank AG signed a third supplemental agreement (the “Commerzbank Third Supplemental”). Under the Commerzbank Third Supplemental, the Company and Commerzbank AG agreed to (i) defer the installment payments under the Commerzbank $120,000 Facility, until the full repayment in late October, 2016, (ii) add as additional collateral the vessel *Star Iris, and* (iii) amend some of the covenants governing this facility.

Supplemental Agreement - Commerzbank $120,000 and $26,000 Facilities (continued):

In April 2016, the Company and Commerzbank entered into a refinancing amendment of the “Commerzbank Supplemental”. This refinancing included (a) changes to certain covenants governing this facility and (b) a different amortization schedule including the change in the final repayment date from October 2016 to October 2018.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

On January 8, 2018, the Company received a committed term sheet from a major commercial banking institution for the refinancing of the outstanding balance of the loan agreement with Commerzbank. The completion of the transaction is subject to customary definitive documentation, and the refinancing is expected to take place in April 2018 (Note 19). The current and non-current portion of long-term debt has been accordingly adjusted.

8. Long-term debt - (continued):

c) Credit Agricole $70,000 Facility:

On January 20, 2011, the Company entered into a loan agreement with Credit Agricole Corporate and Investment Bank for a term loan of up to $70,000 (the "Credit Agricole $70,000 Facility") to partially finance the construction cost of the two newbuilding vessels, *Star Borealis* and *Star Polaris,* which were delivered to the Company in 2011. The Credit Agricole $70,000 Facility is secured by a first priority mortgage over the financed vessels and is divided into two tranches. The Company drew down $67,275 under this facility. The Credit Agricole $70,000 Facility is repayable in 28 consecutive quarterly installments, commencing three months after the delivery of each vessel, of $485.4 and $499.7, respectively, and a final balloon payment payable at maturity, of $19,558.2 (due August 2018) and $20,134 (due November 2018) for the *Star Borealis* and *Star Polaris* tranches, respectively.

On June 29, 2015, the Company signed a waiver letter with Credit Agricole Corporate and Investment Bank in order to revise some of the covenants contained in the loan agreement for a period up to December 31, 2016.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

d) HSH Nordbank AG $64,500 Facility:

On October 3, 2011, the Company entered into a $64,500 secured term loan agreement (the "HSH Nordbank $64,500 Facility") with HSH Nordbank AG ("HSH Nordbank") to repay, together with cash on hand, certain existing debt. The borrowers under the HSH Nordbank $64,500 Facility are the vessel-owning subsidiaries that own the vessels *Star Cosmo, Star Kappa, Star Sigma, Star Omicron* and *Star Ypsilon*, and Star Bulk Carriers Corp. is the guarantor. The HSH $64,500 Facility is secured by a first priority mortgage over the financed vessels and consists of two tranches. The first tranche of $48,500 (the "Supramax Tranche") is repayable in 20 quarterly consecutive installments of $1,250 commencing in January 2012 and a final balloon payment of $23,500 payable at the maturity, in September, 2016. The second tranche of $16,000 (the "Capesize Tranche") was repayable in 12 consecutive, quarterly installments of $1,333, commencing in January 2012 and matured in September 2014.

d) HSH Nordbank AG $64,500 Facility – (continued):

On July 17, 2013, the Company and HSH Nordbank signed a supplemental agreement (the "HSH Nordbank $64,500 Supplemental"). Under the HSH Nordbank $64,500 Supplemental, the Company agreed, subject to certain conditions, to (i) amend some of the covenants governing this facility until December 31, 2014, (ii) defer a minimum of approximately $3,500 payments from January 1, 2013 until December 31, 2014, (iii) prepay $6,590 with pledged cash already held by HSH Nordbank, (iv) raise $20,000 in equity (which condition was satisfied after the completion of the Company's rights offering in July 2013, (Note 9), (v) increase the loan margins from January 1, 2013 until December 31, 2014, (vi) include a semi-annual cash sweep mechanism, under which all earnings of the mortgaged vessels after operating expenses, dry docking provision, general and administrative expenses and debt service, if any, are to be used as prepayment to the balloon payment of the Supramax Tranche, and (vii) not pay any dividends until December 31, 2014 or later in case of a covenant breach. When the Company sold the vessel *Star Sigma* in April 2013, the HSH Nordbank $64,500 Supplemental also required the Company to use the proceeds from the sale to fully prepay the balance of the Capesize Tranche and use the remaining vessel sale proceeds to prepay a portion of the Supramax Tranche. As a result, the next seven scheduled quarterly installments commencing in April 2013 were reduced pro rata according to the prepayment from $813 to $224.

8. Long-term debt - (continued):

On June 29, 2015, the Company and HSH Nordbank signed a supplemental agreement to amend certain covenants governing this facility until December 31, 2016.

In September 2016, the Company and HSH Nordbank signed a supplemental agreement to add the vessel *Star Zeta* as additional collateral.

As part of the Restructuring described below, the Company and HSH agreed to extend the maturity of this loan from September 2016 to August 2018.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

e) HSH Nordbank AG $35,000 Facility:

On February 6, 2014, the Company entered into a new $35,000 secured term loan agreement (the "HSH Nordbank $35,000 Facility") with HSH Nordbank AG. The borrowings under this new loan agreement were used to partially finance the acquisition cost of the vessels *Star Challenger and Star Fighter*. The HSH Nordbank $35,000 Facility is secured by a first priority mortgage over the financed vessels. The borrowers under the HSH Nordbank $35,000 Facility are the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. is the guarantor. This facility matures in February 2021 and is repayable in 28 equal, consecutive, quarterly installments, commencing in May 2014, of $312.5 and $291.7 for the *Star Challenger* and *Star Fighter*, respectively, and a final balloon payment of $8,750 and $9,332.4, payable together with the last installments, for *Star Challenger and Star Fighter*, respectively.

On June 29, 2015, the Company and HSH Nordbank signed a supplemental agreement to amend certain covenants governing this facility until December 31, 2016.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

f) Deutsche Bank AG $39,000 Facility:

On March 14, 2014, the Company entered into a $39,000 secured term loan agreement with Deutsche Bank AG (the "Deutsche Bank $39,000 Facility"). The borrowings under this loan agreement were used to partially finance the acquisition cost of the vessels *Star Sirius* and *Star Vega*. The Deutsche Bank $39,000 Facility is secured by a first priority mortgage over the financed vessels. The borrowers under the Deutsche Bank $39,000 Facility are the two vessel-owning subsidiaries that own the two vessels and Star Bulk Carriers Corp. is the guarantor. This facility consists of two tranches of $19,500 each and matures in March 2021. Each tranche is repayable in 28 equal, consecutive, quarterly installments of $390 each commencing in June 2014, and a final balloon payment of $8,580 payable at maturity.

On June 29, 2015, the Company entered into a supplemental letter with Deutsche Bank AG to amend certain covenants governing this facility until December 31, 2016.

On June 2, 2016, the Company and Deutsche Bank AG signed a supplemental agreement to add the vessel *Star Vanessa* as additional collateral.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

On December 8, 2017 the Company took delivery of the vessel *Star Triumph* (Note 5) which replaced the sold vessel *Star Vanessa* as a pledged vessel under the Deutsche Bank AG $39,000 Facility.

8. Long-term debt - (continued):

g) ABN $87,458 Facility

On August 1, 2013, Oceanbulk Shipping entered into a $34,458 credit facility with ABN AMRO, N.V. (the "ABN AMRO $87,458 Facility") in order to partially finance the acquisition cost of the vessels *Obelix* and *Maiden Voyage*. The loans under the ABN AMRO $87,458 Facility were available in two tranches of $20,350 and $14,108. On August 6, 2013, Oceanbulk Shipping drew down the available tranches. On December 18, 2013, the ABN AMRO $87,458 Facility was amended to add an additional loan of $53,000 to partially finance the acquisition cost of the vessels *Big Bang, Strange Attractor*, *Big Fish* and *Pantagruel*. On December 20, 2013, Oceanbulk Shipping drew down the available tranches. The tranche under the ABN AMRO $87,458 Facility relating to vessel *Obelix* would mature in September 2017, the one relating to vessel *Maiden Voyage* matures in August 2018 and those relating to vessels *Big Bang*, *Strange Attractor*, *Big Fish and Pantagruel*, mature in December 2018. The tranches are repayable in quarterly consecutive installments ranging between $248 to $550 and a final balloon payment for each tranche at maturity, ranging between $2,500 and $12,813. The ABN AMRO $87,458 Facility is secured by a first-priority ship mortgage on the financed vessels and general and specific assignments and was guaranteed by Oceanbulk Shipping LLC. Following the completion of the Merger, Star Bulk Carriers Corp. replaced Oceanbulk Shipping as guarantor of the ABN AMRO $87,458 Facility.

On June 29, 2015, the Company signed a supplemental letter with ABN AMRO to amend certain covenants governing this facility until December 31, 2016.

In August 2015, the tranche relating to the vessel *Maiden Voyage* was fully repaid, following the sale of the vessel (Note 5). In March 2016, the tranche relating to the vessel *Obelix* was fully repaid, following the sale of the vessel (Note 5).

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

On February 13, 2018, the Company received a committed term sheet from ABN AMRO N.V for the refinancing of the balloon installments of ABN AMRO $87,458 million Facility. The completion of the transaction is subject to customary definitive documentation, and the refinancing is expected to take place in December 2018 (Note 19). The current and non-current portion of long-term debt has been accordingly adjusted.

h) Deutsche Bank $85,000 Facility

On May 20, 2014, Oceanbulk Shipping entered into a loan agreement with Deutsche Bank AG Filiale Deutschlandgeschaft for the financing of an aggregate amount of $85,000 (the "Deutsche Bank $85,000 Facility"), in order to partially finance the construction cost of the newbuilding vessels *Magnum Opus*, *Peloreus* and *Leviathan*. Each tranche matures five years after the drawdown date. The applicable tranches were drawn down concurrently with the deliveries of the financed vessels, in May, July and September 2014, respectively. Each tranche is subject to 19 quarterly amortization payments equal to 1/60th of the tranche amount, with the 20th payment equal to the remaining amount outstanding on the tranche. The Deutsche Bank $85,000 Facility is secured by first priority cross-collateralized ship mortgages on the financed vessels, and general and specific assignments and was originally guaranteed by Oceanbulk Shipping. On July 4, 2014, an amendment to the Deutsche Bank $85,000 Facility was executed in order to add ITF International Transport Finance Suisse AG as a lender. On November 4, 2014, a supplemental letter was signed to replace Oceanbulk Shipping with Star Bulk Carriers Corp. as guarantor of this facility.

On June 29, 2015, the Company signed a supplemental letter with Deutsche Bank AG Filiale Deutschlandgeschaft to amend certain covenants governing this facility until December 31, 2016.

In March 2016, the tranche relating to the vessel *Magnum Opus* was fully repaid, following the sale of the respective vessel (Note 5).

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

8. Long-term debt - (continued):

i) HSBC $86,600 Facility

On June 16, 2014, Oceanbulk Shipping entered into a loan agreement with HSBC Bank plc. (the "HSBC $86,600 Facility") for the financing of an aggregate amount of $86,600, to partially finance the acquisition cost of the second hand vessels *Kymopolia*, *Mercurial Virgo*, *Pendulum*, *Amami* and *Madredeus*. The loan, which was drawn in June 2014, matures in May 2019 and is repayable in 20 quarterly installments, commencing three months after the drawdown, of $1,555 plus a balloon payment of $55,500 due together with the last installment. The HSBC $86,600 Facility is secured by a first priority mortgage over the financed vessels and general and specific assignments and was originally guaranteed by Oceanbulk Shipping. On September 11, 2014, a supplemental agreement to the HSBC $86,600 Facility was executed in order to replace Oceanbulk Shipping with Star Bulk Carriers Corp. as guarantor of the HSBC $86,600 Facility.

On January 29, 2016, the Company and HSBC Bank plc signed a supplemental agreement to add the vessel *Star Emily* as additional collateral.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

j) NIBC $32,000 Facility:

On November 7, 2014, the Company and NIBC Bank N.V. entered into an agreement with respect to a credit facility (the "NIBC $32,000 Facility") for the financing of an aggregate amount of up to $32,000, which is available in two tranches of $16,000, to partially finance the construction cost of two newbuilding vessels, *Star Aquarius* (ex-HN 5040) and *Star Pisces* (ex-HN 5043). An amount of $15,237 for each vessel was drawn in July and August 2015, concurrently with the delivery of the respective vessels to the Company. Each tranche is repayable in consecutive quarterly installments of $255, commencing three months after the drawdown of each tranche, plus a balloon payment of $9,633 and $9,888, for each of the two vessels, both due in November 2020. The NIBC $32,000 Facility is secured by a first priority cross collateralized mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with NIBC Bank N.V to amend certain covenants governing this facility until December 31, 2016.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

k) DVB $24,750 Facility:

On October 30, 2014, the Company and DVB Bank SE, Frankfurt entered into an agreement with respect to a credit facility (the "DVB $24,750 Facility"), to partially finance the acquisition of 100% of the equity interests of Christine Shipco LLC, which is the owner of the vessel *Star Martha* (ex-Christine), one of the 34 Excel Vessels. On October 31, 2014, the Company drew $24,750 to pay Excel the related cash consideration. The DVB $24,750 Facility is repayable in 24 consecutive, quarterly principal payments of $900 for each of the first four quarters and of $450 for each of the remaining 20 quarters, with the first becoming due and payable three months from the drawdown date, and a balloon payment of $12,150 payable simultaneously with the last quarterly installment, which is due in October 2020. The DVB $24,750 Facility is secured by a first priority pledge of the membership interests of the Christine Shipco LLC and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with DVB Bank SE, Frankfurt to amend certain covenants governing this facility until December 31, 2016.

8. Long-term debt - (continued):

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

l) Sinosure Facility:

On December 22, 2014, the Company executed a binding term sheet with Deutsche Bank (China) Co., Ltd. Beijing Branch and HSBC Bank plc (the "Sinosure Facility") for the financing of an aggregate amount of up to $156,453 to partially finance the construction cost of eight newbuilding vessels, *Honey Badger (ex–HN NE 164)*, *Wolverine* (ex-HN NE 165), *Star Antares* (ex-HN NE 196), *Star Lutas* (ex-HN NE 197), *Kennadi* (ex-HN 1080), *Mackenzie* (ex-HN 1081), and two other newbuilding vessels for which the construction contracts were subsequently terminated and the corresponding available tranches were cancelled (the "Sinosure Financed Vessels"). The financing under the Sinosure Facility was available in eight separate tranches, one for each Sinosure Financed Vessel, and is credit insured (95%) by China Export & Credit Insurance Corporation. The final loan documentation for the Sinosure Facility was signed on February 11, 2015. Each tranche, which is documented by a separate credit agreement, matures twelve years after each drawdown date and is repayable in 48 equal and consecutive quarterly installments. The Sinosure Facility is secured by a first priority cross collateralized mortgage over the Sinosure Financed Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp. The vessels *Honey Badger* and *Wolverine* were delivered to the Company in February 2015. The vessel *Star Antares* was delivered to the Company in October 2015. The vessels *Star Lutas and Kennadi* were delivered to the Company in early January 2016 and the vessel *Mackenzie* was delivered to the Company in March 2016 (Note 5).`

On September 2, 2015, the Company signed a supplemental letter agreement with Deutsche Bank (China) Co., Ltd. Beijing Branch and HSBC Bank plc to amend certain covenants governing the existing credit agreements from June 26, 2015 until December 31, 2016.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

m) Citi Facility:

On December 22, 2014, the Company entered into a credit facility with Citibank, N.A., London Branch (the "Citi Facility") to provide financing up to $100,000, in lieu of the Excel Vessel Bridge Facility, in connection with the acquisition of vessels *Star Pauline*, *Star Despoina*, *Star Angie*, *Star Sophia*, *Star Georgia*, *Star Kamila* and *Star Nina*, which are seven of the Excel Vessels the Company has acquired (the "Citi Financed Excel Vessels"). The first tranche of $51,477.5 was drawn on December 23, 2014, and the second tranche of $42,627.5 was drawn on January 21, 2015. The Company used amounts drawn under the Citi Facility to repay portion of the Excel Vessel Bridge Facility in respect of those Citi Financed Excel Vessels. The Citi Facility matures on December 30, 2019. The Citi Facility is repayable in 20 equal, consecutive, quarterly principal payments of $3,388, with the first installment due on March 30, 2015 and a balloon installment of $26,349 payable simultaneously with the 20th quarterly installment. The Citi Facility is secured by a first priority mortgage over the Citi Financed Excel Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 30, 2015, the Company signed a supplemental Agreement with Citibank, N.A., London Branch to amend certain covenants governing this agreement until December 31, 2016.

In December 2016, the tranche relating to the vessel *Star Despoina* was fully repaid, following the sale of the vessel (Note 5).

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

8. Long-term debt - (continued):

n) Heron Vessels Facility:

In November 2014, the Company entered into a secured term loan agreement with CiT Finance LLC (the “Heron Vessels Facility”), in the amount of $25,311, in order to partially finance the acquisition cost of *Star Gwyneth* and *Star* Angelina (the “Heron Vessels”). The drawdown of the financed amount incurred in December 2014, when the Company took delivery of the Heron Vessels. The facility matures on June 30, 2019, and is repayable in 19 equal consecutive, quarterly principal payments of $744.4 (with the first becoming due and payable on December 31, 2014), and a balloon installment payable at maturity equal to the then outstanding amount of the loan. The facility is secured by a first priority mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carrier Corp.

On July 1, 2015, the Company signed a supplemental letter with CiT Finance LLC to amend certain covenants governing this agreement from June 30, 2015 until December 31, 2016 and to add the vessel *Star Aline* as collateral under this agreement. In connection with the sale of *Star Aline* in August 2016, the Company repaid the amount attributable to this vessel, in accordance with the provisions of the Heron Vessels Facility.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

In July 2017, the Company refinanced the Heron Vessels Facility with Tranche B of the ABN Amro Bank N.V. $30,844 Facility described below.

o) DNB $120,000 Facility:

On December 29, 2014, the Company entered into an agreement with DNB Bank ASA as facility agent, security agent account bank and bookrunner, DNB Bank ASA, NIBC Bank N.V and Skandinaviska Enskilda Banken AB as original lenders, mandated lead arrangers and hedge counterparties (the “DNB $120,000 Facility”), to provide financing for up to $120,000, in lieu of the Excel Vessel Bridge Facility, in connection with the acquisition of vessels *Star Nasia*, *Star Monisha*, *Star Eleonora*, *Star Danai*, *Star Renee*, *Star Markella*, *Star Laura*, *Star Moira*, *Star Jennifer*, *Star Mariella*, *Star Helena* and *Star Maria*, which are 12 of the Excel Vessels the Company has acquired (the “DNB Financed Excel Vessels”). The Company drew $88,275 on December 30, 2014, $9,515 in January, 2015, $9,507 in February 2015 and $7,769 in April 2015. The Company used amounts drawn under the DNB $120,000 Facility to repay portion of the amounts drawn under the Excel Vessel Bridge Facility relating to the DNB Financed Excel Vessels. The DNB $120,000 Facility matures in December 2019 and is repayable in 20 equal, consecutive, quarterly principal payments of $4,374, with the first installment due in March 2015, and a balloon installment of $29,160 payable simultaneously with the 20th installment. The DNB $120,000 Facility is secured by a first priority mortgage over the DNB Financed Excel Vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with the lenders under this facility to amend certain covenants governing this agreement until December 31, 2016.

In August 2016, the total proceeds from the sale of *Star Monisha* (Note 5) were applied towards the prepayment of the loan.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

On July 24, 2017 the Company took delivery of the second-hand Supramax vessel *Diva* (Note 5), which replaced the sold vessel *Star Eleonora* as a pledged vessel under the DNB $120,000 Facility.

8. Long-term debt - (continued):

p) DNB–SEB–CEXIM $227,500 Facility:

On March 31, 2015, the Company entered into an agreement with DNB Bank ASA as facility agent, security agent account bank and bookrunner, DNB Bank ASA and the Export-Import Bank of China (CEXIM) as mandated lead arrangers and DNB Bank ASA, Skandinaviska Enskilda Banken AB (SEB) and CEXIM as original lenders (the "DNB–SEB–CEXIM $227,500 Facility") for up to $227,500 to partially finance the construction cost of six newbuilding vessels, *Gargantua* (ex-HN166), *Goliath* (ex–HN167), *Maharaj* (ex–HN184), *Star Aries* (ex-HN1338), *Star Taurus* (ex-HN1339), and *Star Poseidon* (ex-HN198). The financing is available in six separate tranches, one for each newbuilding vessel. Following the sale of the *Star Aries and* the *Star Taurus* (Note 5), the relevant tranches were terminated without having been drawn. The first tranche of $32,400 and the second and third tranche of $30,300 each were drawn, upon the delivery of the vessels *Gargantua, Goliath and Maharaj* in 2015. The fourth tranche of $23,400 was drawn, upon the delivery of the vessel *Star Poseidon* in February 2016 (Note 5). The tranches are repayable in 24 quarterly consecutive installments ranging between $367 and $508, with the first becoming due and payable three months from the drawdown date of each tranche and a final balloon installment for each tranche, ranging between $14,587 million and $20,198 million, payable simultaneously with the 24th installment. The DNB–SEB–CEXIM $227,500 Facility is secured by a first priority cross-collateralized mortgage over the financed vessels and general and specific assignments and is guaranteed by Star Bulk Carriers Corp.

On June 29, 2015, the Company signed a supplemental letter with the lenders under this facility to amend certain covenants governing this facility until December 31, 2016.

Please see below for information regarding the related Supplemental Agreement executed pursuant to the Restructuring Letter Agreements.

q) ABN AMRO Bank N.V. $30,844 Facility: On June 23, 2017, the Company executed a loan agreement with ABN AMRO Bank N.V. for an aggregate principal amount of $30,844, available in two tranches, as follows:

i. Tranche A, with a principal amount of $16,000, was drawn down on June 27, 2017 to partially finance the acquisition of *Star Charis* and *Star Suzanna*, (Note 5) and is secured by a first priority mortgage over the financed vessels. This tranche matures in June 2022 and is repayable in 20 quarterly installments, commencing in September 2017, the first four of which are $1,000 and the remaining 16 of which are $360, and a final balloon payment of $6,240, payable together with the last installment.

ii. Tranche B, with a principal amount of $14,844, was drawn down on July 7, 2017 to refinance the outstanding debt under the Heron Vessels Facility, as described above. Tranche B is secured by *Star Angelina* and *Star Gwyneth*. This tranche matures in July 2022 and is repayable in 17 equal quarterly installments of $640, commencing in July 2018, and a final balloon payment of $3,964, payable together with the last installment.

r) Redemption of the 8.00% 2019 Notes:

On November 6, 2014, the Company issued $50,000 aggregate principal amount of 8.00% Senior Notes due 2019 (the "2019 Notes"). The net proceeds were $48,425. The 2019 Notes were scheduled to mature in November 2019 and were senior, unsecured obligations of Star Bulk Carriers Corp. The 2019 Notes were not guaranteed by any of the Company's subsidiaries.

The 2019 Notes bore interest at a rate of 8.00% per year, payable quarterly in arrears on each February 15, May 15, August 15 and November 15, commencing on February 15, 2015.

On December 11, 2017, the Company used the proceeds of the 8.30% 2022 Notes (described below) to redeem all of the 2019 Notes at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

8. Long-term debt - (continued):

s) **Issuance of 8.30% 2022 Notes:** On November 9, 2017 the Company completed a public offering of $50,000 aggregate principal amount of senior unsecured notes due 2022 (the "2022 Notes"). The 2022 Notes will mature on November 15, 2022. The 2022 Notes are not guaranteed by any of the Company's subsidiaries and bear interest at a rate of 8.30% per year, payable quarterly in arrears on the 15th day of February, May, August and November commencing on February 15, 2018. The Company may redeem the 2022 Notes at its option, in whole or in part, at any time after May 15, 2019, at a redemption price equal to 100% of the principal amount of the 2022 Notes to be redeemed plus accrued and unpaid interest. Prior to May 15, 2019, the Company may redeem the 2022 Notes, in whole or in part, at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest to the date of redemption. In addition, the Company may redeem the 2022 Notes in whole, but not in part, at any time at its option, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if certain events occur involving changes in taxation.

The proceeds from the sale of the 2022 Notes were used to redeem in full the 2019 Notes in December 2017, which would otherwise mature in November 2019 as described above.

Supplemental Agreements

As of August 31, 2016, the Company entered into restructuring letter agreements (the "Restructuring Letter Agreements") with all the banks and export credit agencies providing its senior credit facilities to, among other things, (i) defer principal payments owed from June 1, 2016 through June 30, 2018 to the due date of the balloon installments of each facility, (ii) waive in full or substantially relax the financial covenants, effective during the period until December 31, 2019 and (iii) implement a cash sweep mechanism pursuant to which excess cash at consolidated level will be applied towards the payment of Deferred Amounts, payable *pro rata* based on each loan facility's and lease agreement's (Note 5) outstanding Deferred Amounts relative to the total Deferred Amounts at the end of each quarter. In exchange, the Company agreed to raise additional equity of not less than $50.0 million by September 30, 2016 (which condition was satisfied after the completion of the Company's equity offering in September 2016, see Note 9) and impose restrictions on paying dividends until all Deferred Amounts have been repaid (the "Restructuring"). In July 2017, the Company finalized the Restructuring through the execution of all corresponding Supplemental Agreements (the "Supplemental Agreements"). In accordance with the terms of the Supplemental Agreements, the Company distributed pro rata to all parties under the Restructuring (including the lease provider, as described in Note 5): i) in August 2017, an amount equal to 20% of the equity contribution used for the acquisition of *Star Charis, Star Suzanna* and *Diva* (described in Note 5), which amounted to $3,635, ii) in December 2017, an amount equal to 20% of the equity contribution used for the acquisition of *Star Triumph* and the excess cash captured by the excess cash mechanism as of September 30, 2017, which amounted to $6,133 and iii) in February 2018, the excess cash captured by the excess cash mechanism as of December 31, 2017, which amounted to $35,632 (Note 19).

Under all loan agreements, the Company is not allowed to pay dividends until all Deferred Amount have been repaid in full. Additionally, the Company may not pay dividends or distributions if an event of default has occurred and is continuing or would result from such dividend or distribution.

Credit Facility and Senior Notes Covenants:

The Company's outstanding credit facilities and senior notes generally contain customary affirmative and negative covenants, on a subsidiary level, including limitations to:

- pay dividends if there is an event of default under the Company's credit facilities or the Deferred Amounts have not been repaid in full;
- incur additional indebtedness, including the issuance of guarantees, refinance or prepay any indebtedness, unless certain conditions exist;

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

8. Long-term debt - (continued):

create liens on Company's assets, unless otherwise permitted under Company's credit facilities;

change the flag, class or management of Company's vessels or terminate or materially amend the management agreement relating to each vessel;

acquire new or sell vessels, unless certain conditions exist;

merge or consolidate with, or transfer all or substantially all Company's assets to, another person; or

enter into a new line of business.

Furthermore, the Company's credit facilities and senior notes contain financial covenants requiring the Company to maintain various financial ratios, including:

a minimum percentage of aggregate vessel value to secured loans (security cover ratio or "SCR");

a maximum ratio of total liabilities to market value adjusted total assets;

a minimum EBITDA to interest coverage ratio;

a minimum liquidity; and

a minimum market value adjusted net worth.

As of December 31, 2016 and 2017, the Company was required to maintain minimum liquidity, not legally restricted, of $47,566 and $51,359, respectively, which is included within "Cash and cash equivalents" in the accompanying balance sheets. In addition, as of December 31, 2016 and 2017, the Company was required to maintain minimum liquidity, legally restricted, of $14,004 and $15,589, respectively, which is included within "Restricted cash" current and non-current, in the accompanying balance sheets.

As of December 31, 2017, the Company was in compliance with the applicable financial and other covenants contained in its debt agreements, including the 2022 Notes.

The weighted average interest rate (including the margin) related to the Company's existing debt, including 2019 and 2022 Notes and capital leases as of December 31, 2015, 2016 and 2017 was 3.69%, 4.13% and 4.72%, respectively. The commitment fees incurred during the years ended December 31, 2015, 2016 and 2017, with regards to the Company's unused credit facilities were $3,157, $472 and $6, respectively.

The principal payments required to be made after December 31, 2017, are as follows:

Twelve month periods ending		**Amount**
December 31, 2018	$	173,958
December 31, 2019		268,745
December 31, 2020		75,665
December 31, 2021		132,152
December 31, 2022		57,880
December 31, 2023 and thereafter		47,814
Total Long term debt	**$**	**756,214**
Unamortized debt issuance costs		7,119
Total Long term debt, net	**$**	**749,095**
Current portion of long term debt		**173,958**
Long term debt, net		**575,137**

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

8. Long-term debt - (continued):

The current portion of long term debt as of December 31, 2017, includes the following: i) the scheduled loan repayments for the twelve month period ended December 31, 2018 according to the outstanding loan agreements (as amended with Supplemental Agreements), ii) the portion of the amount of $35,632 paid in February 2018 towards the banks, as part of the excess cash mechanism as of December 31, 2017, as described above, iii) the debt principal repayments that the Company announced that it intends to make, in total at least equivalent to the amortization payments scheduled prior to commencement of debt amortization holidays, for the first and second quarter of 2018 under the cash sweep mechanism included in the Supplemental Agreements (these payments will be made following the Company's decision to end the amortization holiday previously agreed in the Supplemental Agreements, six months ahead of schedule.as described above) and iv) the adjustment for the refinancing of $120,000 Commerzbank facility and the ABN $87,458 Facility as described above (see also Note 19).

The 2022 Notes mature in November, 2022 and are presented in the accompanying consolidated balance sheets as of December 31, 2017 net of unamortized debt issuance costs of $2,000.

At December 31, 2017, 63 of the Company's 71 owned vessels, having a net carrying value of $1,449,547, were subject to first-priority mortgages as collateral to its loan facilities. In addition, all eight of the Company's bareboat chartered vessels, having a net carrying value of $325,301, were cross-collateral under the Company's bareboat lease agreements.

All of the Company's bank loans bear interest at LIBOR plus a margin. The amounts of "Interest and finance costs" included in the accompanying consolidated statements of operations are analyzed as follows:

	2015	2016	2017
Interest on long term debt and capital leases	$ 35,969	$ 40,449	$ 48,814
Less: Interest capitalized	(12,079)	(3,940)	(2,423)
Reclassification adjustments of interest rate swap loss transferred to Interest and finance costs from Other Comprehensive Income (Note 18)	2,416	1,252	852
Amortization of debt issuance costs	2,732	2,855	2,660
Other bank and finance charges	623	601	555
Interest and finance costs	**$ 29,661**	**$ 41,217**	**$ 50,458**

During the years ended December 31, 2015, 2016 and 2017, in connection with the prepayments described above following (i) the sale of mortgaged vessels, (ii) the cancellation of certain loan commitments, (iii) the termination of two newbuilding contracts as further described in Note 6 and (iv) the redemption of the 2019 Notes, as applicable, $974, $2,375 and $1,257 of unamortized debt issuance costs were written off and included under "Loss on debt extinguishment" in the accompanying consolidated statements of operations.

9. Preferred, Common Stock and Additional paid in capital:

Preferred Stock: Star Bulk is authorized to issue up to 25,000,000 shares of preferred stock, $0.01 par value with such designations, as voting, and other rights and preferences, as determined by the Board of Directors. As of December 31, 2016 and 2017 the Company had not issued any preferred stock.

Common Stock: On November 23, 2009, at the Company's annual meeting of shareholders, the Company's shareholders voted to approve an amendment to the Amended and Restated Articles of Incorporation increasing the number of common shares that the Company is authorized to issue from 100,000,000 registered common shares, par value $0.01 per share, to 300,000,000 registered common shares, par value $0.01 per share.

Each outstanding share of the Company's common stock entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of shares of common stock are entitled to ratably receive all dividends, if any, declared by the Company's Board of Directors out of funds legally available for dividends. Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of the Company's securities. All outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of holders of shares of common stock are subject to the rights of the holders of any shares of preferred stock which the Company may issue in the future.

9. Preferred, Common Stock and Additional paid in capital - (continued):

5-for-1 reverse stock split: Effective as of June 20, 2016, pursuant to the June 2016 Reverse Split, the Company effected a five-for-one reverse stock split of its common shares. The reverse stock split was approved by shareholders at the Company's Special Meeting of Shareholders held on December 21, 2015. The reverse stock split reduced the number of the Company's common shares from 219,778,437 to 43,955,659 and affected all issued and outstanding common shares. No fractional shares were issued in connection with the reverse split. Shareholders who would otherwise have held a fractional share of the Company's common stock received a cash payment in lieu of such fractional share. All share and per share amounts disclosed in the accompanying financial statements give effect to this reverse stock split retroactively, for all periods presented.

On January 14, 2015, the Company completed a primary underwritten public offering of 9,800,084 of its common shares, at a price of $25.0 per share. The aggregate proceeds to the Company, net of underwriters' commissions and offering expenses, were $242,211.

On May 18, 2015, the Company completed a primary underwritten public offering of 11,250,000 of its common shares, at a price of $16.0 per share. The aggregate proceeds to the Company, net of underwriters' commissions and offering expenses, were $175,586.

As disclosed in Note 3 above, 34,234 common shares were issued during the year ended December 31, 2015, as consideration for the third installment payable to Oceanbulk Maritime S.A. as commission for the shipbuilding contracts of certain of the Company's newbuilding vessels. On September 9, 2016, the Company issued 138,453 common shares representing the fourth and last installment to Oceanbulk Maritime.

As disclosed in Note 5 above, 851,577 common shares were issued during the year ended December 31, 2015, as partial consideration for the final six Excel Vessels (*Star Nina, Star Nicole, Star Claudia, Star Monisha, Rodon and Star Jennifer* that were delivered to the Company during that period.

On April 13, 2016, the Company issued 131,545 common shares in connection with its 2015 Equity Incentive Plan and 3,000 shares to two of the Company's directors, which had been granted and vested on July 11, 2014 (as described in Note 12). In addition, during the fourth quarter of 2016, the Company issued 558,050 common shares in connection with its 2016 Plan.

On September 20, 2016, the Company completed a primary underwritten public offering of 11,976,745 of its common shares, at a price of $4.30 per share. The aggregate proceeds to the Company, net of underwriters' commissions and offering expenses, were $50,278.

On February 2, 2017, the Company completed a private placement of 6,310,272 common shares, at a price of $8.154 per share. The aggregate proceeds to the Company, net of private placement agent's fees and expenses, were $50,427. One of the Company's significant shareholders, Oaktree and its affiliates, purchased a total of 3,244,292 of the common shares in this private placement.

During the year ended December 31, 2017 the Company issued 1,220,825 common shares to the Company's directors and employees in connection with its equity incentive plans.

10. Other operational gain:

For the year ended December 31, 2015, other operational gain of $592 was recognized, mainly consisting of $550 cash received from the sale of the shares of charterer Korea Line Corporation ("KLC") acquired in connection with the rehabilitation plan approved by KLC's creditors.

For the years ended December 31, 2016, other operational gain of $1,565, respectively, was recognized, mainly consisting of gain from hull and machinery insurance claims.

For the year ended December 31, 2017, other operational gain of $2,918 was recognized mainly consisting of an amount of $2,139, resulting from a cash settlement of a commercial dispute and gain from hull and machinery insurance claims.

11. Management fees:

As of January 1, 2015, the Company engaged Ship Procurement Services S.A. ("SPS"), a third party company, to provide to its fleet certain procurement services at a daily fee of $0.295 per vessel. Total management fees to SPS for the year ended December 31, 2015, 2016 and 2017, were $7,985, $7,604 and $7,543, respectively, and are included in "Management fees" in the accompanying consolidated statement of operations. In addition, Management fees for the year ended December 31, 2015 also include $451 of fees incurred pursuant to the management agreement with Maryville described in Note 3.

12. Equity Incentive Plans:

On April 13, 2015, the Company's Board of Directors adopted the 2015 Equity Incentive Plan (the "2015 Plan") and reserved for issuance 280,000 common shares thereunder. The terms and conditions of the 2015 Plan are substantially similar to the terms and conditions of Company's previous equity incentive plans. On the same date, the Company granted 135,230 restricted common shares to certain directors, former directors, officers and employees, which vested in April 13, 2016. The fair value of each restricted share was $17.75, which was determined by reference to the closing price of the Company's common shares on the grant date.

In addition, on the same date, the Board of Directors granted share purchase options of up to 104,250 common shares to certain executive officers, at an option exercise price of $27.50 per share. These options are exercisable in whole or in part between the third and the fifth anniversary of the grant date, subject to the respective individuals remaining employed by the Company at the time the options are exercised.

The fair value of all share option awards was calculated based on the modified Black-Scholes method. A description of the significant assumptions used to estimate the fair value of the share option awards is set out below:

Option type: Bermudan call option

Grant Date: April 13, 2015

Expected term: Given the absence of expected dividend payments (described below), the Company expects that it is optimal for the holders of the granted options to avoid early exercise of the options. As a result, the Company assumes that the expected term of the options is their contractual term (i.e. five years from the grant date).

Expected volatility: The Company used the historical volatility of the common shares to estimate the volatility of the price of the shares underlying the share option awards. The final expected volatility estimate, which is based on historical volatility for the two years preceding the grant date, was 59.274%.

Expected dividends: The Company does not currently pay any dividends to its shareholders, and the Company's loan agreements contain restrictions and limitations on dividend payments. Based on the foregoing, the outstanding newbuilding orderbook of the Company and the market conditions prevailing in the dry bulk industry at the time of valuation, the Company's management determined that for purposes of this calculation the Company is not expected to pay dividends before the expiration of the share options.

Dilution adjustment: Compared to the number of common shares outstanding, the Company's management considers the overall number of shares covered by the options as immaterial, and no dilution adjustment was incorporated in the valuation model.

12. Equity Incentive Plans - (continued):

Risk-free rate: The Company has elected to employ the risk-free yield-to-maturity rate to match the expected term of the options (which as explained above is expected to be five years from the grant date). As of the grant date, the yield-to-maturity rate of five-year U.S. Government bonds was approximately 1.3%.

On May 9, 2016, the Company's Board of Directors adopted the 2016 Equity Incentive Plan (the "2016 Plan") and reserved for issuance 940,000 common shares thereunder. The terms and conditions of the 2016 Plan are substantially similar to the terms and conditions of Company's previous equity incentive plans. On the same date, 690,000 restricted common shares were granted to certain directors, officers, employees of the Company, 650,000 of which vested in July, 2016 while the remaining 40,000 vest on March 1, 2018. The fair value of each share was $3.75, based on the closing price of the Company's common shares on the grant date.

On September 12, 2016, the Company's Board of Directors granted 345,000 restricted common shares to certain of its directors and officers, for their participation in the negotiations with the Company's lenders related to the Restructuring. Out of these shares, 305,000 vested on March 30, 2017, and the remaining 40,000 vest on March 1, 2018. The fair value of each share was $4.94, based on the closing price of the Company's common shares on the grant date.

On February 22, 2017, the Company's Board of Directors adopted the 2017 Equity Incentive Plan (the "2017 Plan") and reserved for issuance 950,000 common shares thereunder. The terms and conditions of the 2017 Plan are substantially similar to the terms and conditions of the Company's previous equity incentive plans. On the same date, 944,000 restricted common shares were granted to certain of our directors, officers and employees, of which 744,000 shares vested on August 22, 2017. The remaining 200,000 restricted common shares vest on August 22, 2018. The fair value of each share was $9.59, based on the closing price of the Company's common shares on the grant date.

All non-vested shares and options vest according to the terms and conditions of the applicable award agreements. The grantee does not have the right to vote the non-vested shares or exercise any right as a shareholder of the non-vested shares, although the issued and non-vested shares pay dividends as declared. The dividends with respect to these shares are forfeitable. Share options have no voting or other shareholder rights. For the years ended December 31, 2015, 2016 and 2017, the Company paid no dividends on non-vested shares.

The Company expects that there will be no forfeitures of non-vested shares or options. The shares which are issued in accordance with the terms of the Company's equity incentive plans or awards remain restricted until they vest. For the years ended December 31, 2015, 2016 and 2017, the stock based compensation cost was $2,684, $4,166 and $9,267, respectively, and is included under "General and administrative expenses" in the accompanying consolidated statement of operations.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

12. Equity Incentive Plans - (continued):

A summary of the status of the Company's non-vested restricted shares as of December 31, 2015, 2016 and 2017, and the movement during these years, is presented below:

	Number of shares	Weighted Average Grant Date Fair Value
Unvested as at January 1, 2015	78,833	$ 54.30
Granted	135,230	17.75
Vested	(78,833)	54.30
Unvested as at December 31, 2015	**135,230**	**$ 17.75**
Unvested as at January 1, 2016	135,230	$ 17.75
Granted	1,035,000	4.15
Cancelled	(1,685)	17.75
Vested	(783,545)	6.14
Unvested as at December 31, 2016	**385,000**	**$ 4.82**
Unvested as at January 1, 2017	385,000	$ 4.82
Granted	944,000	9.59
Vested	(1,049,000)	8.24
Unvested as at December 31, 2017	**280,000**	**$ 8.09**

A summary of the status of the Company's non-vested share options as of December 31, 2015, 2016 and 2017, and the movement during the year, since granted, is presented below:

Options	Number of options	Weighted average exercise price	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2015	-	$ -	$ -
Granted	104,250	27.5	7.0605
Vested	-	-	-
Outstanding as of December 31, 2015	**104,250**	**$ 27.5**	**$ 7.0605**

Options	Number of options	Weighted average exercise price	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2016	104,250	$ 27.5	$ 7.0605
Granted	-	-	-
Vested	-	-	-
Outstanding as of December 31, 2016	**104,250**	**$ 27.5**	**$ 7.0605**

Options	Number of options	Weighted average exercise price	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2017	104,250	$ 27.5	$ 7.0605
Granted	-	-	-
Vested	-	-	-
Outstanding as of December 31, 2017	**104,250**	**$ 27.5**	**$ 7.0605**

The estimated compensation cost relating to non-vested share options and restricted share awards not yet recognized was $336 and $856, respectively, as of December 31, 2017 and is expected to be recognized over the weighted average period of 2.28 years and 0.62 years, respectively. The total fair value of shares vested during the years ended December 31, 2015, 2016 and 2017 was $1,301, $3,580 and $12,023 respectively.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

13. Earnings / (Loss) per share:

All shares issued (including the restricted shares issued under the Company's equity incentive plan) are the Company's common stock and have equal rights to vote and participate in dividends. The restricted shares issued under the Company's equity incentive plans are subject to forfeiture provisions set forth in the applicable award agreement. The calculation of basic earnings per share does not consider the non-vested shares as outstanding until the time-based vesting restriction has lapsed. For the purpose of calculating diluted earnings/(loss) per share, the weighted average number of diluted shares outstanding includes the incremental shares assumed issued, determined in accordance with the treasury stock method. For the years ended December 31, 2015, 2016 and 2017, during which the Company incurred losses, the effect of 135,230, 385,000 and 280,000 non-vested shares, respectively, as well as the effect of 104,250 non vested share options as of December 31, 2015, 2016 and 2017, would be anti-dilutive, and "Basic loss per share" equals "Diluted loss per share."

The Company calculates basic and diluted loss per share as follows:

	Year ended December 31,		
	2015	**2016**	**2017**
Income / (Loss) :			
Net income / (loss)	$ (458,177)	$ (154,228)	$ (9,771)
Basic earnings / (loss) per share:			
Weighted average common shares outstanding, basic	39,124,673	47,574,454	63,034,394
Basic earnings / (loss) per share	**$ (11.71)**	**$ (3.24)**	**$ (0.16)**
Effect of dilutive securities:			
Dillutive effect of non vested shares	-	-	-
Weighted average common shares outstanding, diluted	39,124,673	47,574,454	63,034,394
Diluted earnings / (loss) per share	**$ (11.71)**	**$ (3.24)**	**$ (0.16)**

14. Accrued liabilities:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	2016	**2017**
Audit fees	$ 216	$ 243
Legal fees	117	59
Other professional fees	7	86
Vessel Operating and voyage expenses	7,573	5,608
Loan interest and financing fees	3,539	4,287
Income tax	267	238
Total Accrued Liabilities	**$ 11,719**	**$ 10,521**

15. Income taxes

The Company is in the business of international shipping and is not subject to a material amount of income taxes. The Company is subjected to tonnage taxes in certain jurisdictions as described below and accounts for these taxes under "Vessel Operating Expenses" in the accompanying statements of operations. Accordingly, the Company does not record deferred taxes as these are immaterial.

The Company does receive dividends from its operating subsidiaries and these are not subject to withholding taxes nor are these dividends taxed at the Company upon receipt. Thus, the Company does not record deferred tax liabilities for any unremitted earnings as there are no taxes associated with the remittances.

15. Income taxes - (continued):

The Company is subjected to tax audits in the jurisdictions it operates in. There have been no adjustments assessed to the Company in the past and the Company believes there are no uncertain tax positions to consider.

a) Taxation on Marshall Islands Registered Companies and tonnage tax

Under the laws of the countries of the shipowning companies' incorporation and/or vessels' registration, the shipowning companies are not subject to tax on international shipping income. However, they are subject to registration and tonnage taxes. In addition, each foreign flagged vessel managed in Greece by Greek or foreign ship management companies is subject to Greek tonnage tax, under the laws of the Hellenic Republic. The technical managers of the Company's vessels, which are established in Greece under Greek Law 89/67, are responsible for the filing and payment of the respective tonnage tax on behalf the Company. Furthermore, under the New Tonnage Tax System ("TTS") for Cypriot merchant shipping, qualifying ship managers who opted and are accepted to be taxed under the TTS are subject to an annual tax referred to as tonnage tax, which is calculated on the basis of the net tonnage of the qualifying ships they manage. The technical managers of the Company's vessels, which are established and operate in Cyprus, are responsible for the filing and payment of the respective tonnage tax. These taxes for 2015, 2016 and 2017 were $3,717, $2,438 and $2,565 respectively, and have been included under "Vessel operating expenses" in the accompanying statements of operations.

b) Taxation on US Source Income – Shipping Income

The Company believes that it was exempt from U.S. federal income tax at 4% on U.S. source shipping income for the taxable years up to 2015, as each vessel-operating subsidiary is organized in a foreign country that grants an equivalent exemption to corporations organized in the United States and the Company's stock was primarily and regularly traded on an established securities market in the United States, as defined by the Internal Revenue Code (IRC) of the United States.

Under IRS regulations, a Company's stock will be considered to be regularly traded on an established securities market if (i) one or more classes of its stock representing 50% or more of its outstanding shares, by voting power of all classes of stock of the corporation entitled to vote and of the total value of the stock of the corporation, are listed on the market and (ii) (A) such class of stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one sixth of the days in a short taxable year; and (B) the aggregate number of shares of such class of stock traded on such market during the taxable year must be at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. Notwithstanding the foregoing, the treasury regulations provide, in pertinent part, that a class of the Company's stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of the Company's outstanding stock, ("5% Override Rule").

For the taxable years 2016 and 2017 the Company believes that it was not exempt from U.S. federal income tax of 4% on U.S. source shipping income, as it believes that it does not satisfy the Publicly Traded Test for these years because it is subject to the 5% Override Rule. As a result, tax reserve of approximately $267 and $202 was recognized in the accompanying consolidated statement of operations for the year ended December 31, 2016 and 2017, respectively, under "Income taxes".

c) Taxation on Maltese and Swiss Registered Companies

In addition to the tax consequences described above, the Company may be subject to tax in one or more other jurisdictions, including Malta and Switzerland, where the Company conducts activities. The Company believes that its tax exposure for years ended December 31, 2015, 2016 and 2017 in Malta and Switzerland is immaterial.

16. Commitments and Contingencies:

a) Legal proceedings

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. The Company's vessels are covered for pollution of $1 billion per vessel per incident, by the Protection and Indemnity (P&I) Association in which the Company's vessels are entered. The Company's vessels are subject to calls payable to their P&I Association and may be subject to supplemental calls which are based on estimates of premium income and anticipated and paid claims. Such estimates are adjusted each year by the Board of Directors of the P&I Association until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. Supplemental calls, if any, are expensed when they are announced and according to the period they relate to. The Company is not aware of any supplemental calls in respect of any policy years other than those that have already been recorded in its consolidated financial statements.

(ii) In March 2013, the Company commenced arbitration proceedings against Hanjin HHIC-Phil Inc., the shipyard that constructed the *Star Polaris*, relating to an engine failure the vessel experienced in Korea. This resulted in 142 off-hire days and the loss of $2,343 in revenues. The Company pursued the compensation for the cost of the repairs and the loss of revenues and following the arbitration hearing in July 2015, the arbitral tribunal issued its partial final award (the "Award"), which found the yard liable for certain aspects of the claim but did not quantify the Award. Following the dismissal of the loss of revenues claim before the High Court of the United Kingdom in the appeal proceedings, a hearing before the arbitral tribunal to quantify the cost of the repairs for which the yard is liable is pending.

(iv) On October 23, 2014, a purported shareholder (the "Plaintiff") of the Company filed a derivative and putative class action lawsuit in New York state court against the Company's Chief Executive Officer, members of its Board of Directors and several of its shareholders and related entities. The Company has been named as a nominal defendant in the lawsuit. The lawsuit alleges that the acquisition of Oceanbulk and purchase of several Excel Vessels were the result of self-dealing by various defendants and that the Company entered into the respective transactions on unfair terms. The lawsuit further alleges that, as a result of these transactions, several defendants' interests in the Company have increased and that the Plaintiff's interest in the Company has been diluted. The lawsuit also alleges that the Company's management has engaged in other conduct that has resulted in corporate waste. The lawsuit seeks cancellation of all shares issued to the defendants in connection with the acquisition of Oceanbulk, unspecified monetary damages, the replacement of some or all members of the Company's Board of Directors and its Chief Executive Officer, and other relief. The Company believes the claims are completely without merit, and has denied them and defended against them in court. On November 24, 2014, the Company and the other defendants removed the action to the United States District Court for the Southern District of New York. On March 4, 2015, the Company and the other defendants moved to dismiss the complaint. On February 18, 2016, the court granted the Company's motion to dismiss in full and dismissed the matter. On February 24, 2016, Plaintiff filed a notice of appeal. The appeal was heard before the Court of Appeals for the Second Circuit on December 6, 2016. In April 2017, the Second Circuit dismissed the appeal in all respects and affirmed the first instance judgment. Plaintiff filed a petition for panel rehearing and/or rehearing en banc, which petition was dismissed in June 2017. In September 2017, Plaintiff filed a petition for certiorari in the U.S. Supreme Court seeking review of the Second Circuit's affirmance of dismissal of the complaint, which petition was denied on November 27, 2017.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

16. Commitments and Contingencies - (continued):

b) Other contingencies:

Contingencies relating to Heron

Following the completion of the Merger, Oceanbulk Shipping became a wholly owned subsidiary of the Company. Oceanbulk Shipping owned a convertible loan, which was convertible into 50% of Heron Ventures Ltd's ("Heron") equity. After the conversion of the loan, on November 5, 2014, Heron is a 50-50 joint venture between Oceanbulk Shipping and ABY Group Holding Limited, and Oceanbulk Shipping shares joint control over Heron with ABY Group Holding Limited. Based on the applicable related agreements, neither party will entirely control Heron. In addition, any operational and other decisions with respect to Heron will need to be jointly agreed between Oceanbulk Shipping and ABY Group Holding Limited. As of December 31, 2017, all vessels previously owned by Heron have been either sold or distributed to its equity holders. While Oceanbulk Shipping and ABY Group Holding Limited intend that Heron eventually will be dissolved shortly after receiving permission from local authorities, until that occurs, contingencies to the Company may arise. However, the pre-transaction investors in Heron effectively remain as ultimate beneficial owners of Heron, until Heron is dissolved on the basis that, according to the agreement governing the Merger, any cash received or paid by the Company from the final liquidation of Heron will be settled accordingly by the pre-Merger investors in Oceanbulk (the "Oceanbulk Sellers"). The Company had no outstanding balance with the Oceanbulk Sellers as of December 31, 2016 and 2017, respectively.

c) Lease commitments:

The following table sets forth inflows or outflows, related to the Company's leases, as at December 31, 2017.

		Twelve month periods ending December 31,					
+ inflows/ - outflows	**Total**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023 and thereafter**
Future, minimum, non-cancellable charter revenue (1)	$ 62,751	$ 62,751	$ -	$ -	$ -	$ -	$ -
Future, minimum, charter-in hire payments (2)	(3,486)	(3,486)	-	-	-	-	-
Office rent	(1,751)	(353)	(279)	(274)	(276)	(281)	(288)
Bareboat commitments charter hire (3)	(99,856)	(6,907)	(7,983)	(7,911)	(7,837)	(8,015)	(61,203)
Total	**$ (42,342)**	**$ 52,005**	**$ (8,262)**	**$ (8,185)**	**$ (8,113)**	**$ (8,296)**	**$ (61,491)**

(1) The amounts represent the minimum contractual charter revenues to be generated from the existing, as of December 31, 2017, non-cancellable time and freight charter agreements until their expiration, net of address commission, assuming no off-hire days other than those related to scheduled interim and special surveys of the vessels.

(2) The amounts represent the Company's commitments under the existing, as of December 31, 2017, charter-in arrangements (including operating lease and freight agreements) for third party vessels.

(3) The amounts represent the Company's commitments under the bareboat lease arrangements representing the charter hire for those vessels that, as of December 31, 2017, are under construction. The bareboat charter hire is comprised of fixed and variable portion, the variable portion is calculated based on the 6-month LIBOR of 1.83707%, and 3-month LIBOR of 1.69428% as of December 31, 2017, whichever is applicable (please refer to Note 5 and Note 6).

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

17. Voyage and Vessel operating expenses:

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	2015	2016	2017
Voyage expenses			
Port charges	$ 17,619	$ 30,229	$ 21,060
Bunkers	48,535	28,121	34,997
Commissions – third parties	2,915	2,506	3,438
Commissions – related parties (Note 3)	3,350	3,300	3,300
Miscellaneous	458	1,665	1,887
Total voyage expenses	**$ 72,877**	**$ 65,821**	**$ 64,682**
Vessel operating expenses			
Crew wages and related costs	$ 65,402	$ 62,920	$ 63,074
Insurances	8,026	6,124	6,314
Maintenance, repairs, spares and stores	18,577	17,194	18,589
Lubricants	8,187	6,372	7,016
Tonnage taxes	3,717	2,438	2,565
Upgrading expenses	6,205	1,784	1,925
Miscellaneous	2,682	1,998	1,945
Total vessel operating expenses	**$ 112,796**	**$ 98,830**	**$ 101,428**

18. Fair Value Measurements:

The guidance for fair value measurements applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The same guidance requires that assets and liabilities carried at fair value should be classified and disclosed in one of the following three categories based on the inputs used to determine its fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;

Level 3: Unobservable inputs that are not corroborated by market data.

In addition, ASC 815, "*Derivatives and Hedging*" requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position.

Fair value on a recurring basis:

Interest rate swaps:

The Company enters into interest rate derivative contracts to manage interest costs and risk associated with changing interest rates with respect to its variable interest loans and credit facilities.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

18. Fair Value Measurements - (continued):

Interest rate swaps:

Details of the major terms of the Company's effective, as of December 31, 2017, interest rate swaps, are summarized below:

Counterparty	Designed as accounting hedge	Inception	Expiry	Fixed Rate	Notional amount December 31, 2017
Goldman Sachs	No	October 1, 2014	April 1, 2018	1.7925%	93,180
Goldman Sachs	No	October 1, 2014	April 1, 2018	1.8075%	93,180
Goldman Sachs	No	October 1, 2014	April 1, 2018	2.0675%	37,272
Goldman Sachs	No	October 1, 2014	April 1, 2018	1.8450%	93,180
Goldman Sachs	No	October 1, 2014	April 1, 2018	1.8025%	55,908
HSH - Star Challenger	Yes	September 30, 2014	September 28, 2018	1.7650%	6,406
HSH - Star Fighter	Yes	September 30, 2014	September 28, 2018	1.7650%	6,562
Credit Agricole - Star Borealis	Yes	November 10, 2014	August 9, 2018	1.7200%	21,015
Credit Agricole - Star Polaris	Yes	August 11, 2014	November 9, 2018	1.7050%	22,133
Total					**$ 428,836**

Due to (i) changes in the timing of delivery of some of the Company's newbuilding vessels and, by extension, the timing of some of the forecasted transactions, (ii) changes in LIBOR curves, and (iii) the sale of some of the Company's vessels in 2015 whose loans had been designated as hedged items, the Company determined that the "highly effective" criterion of the hedging effectiveness test for the Goldman Sachs Swaps was not satisfied for the quarter ended June 30, 2015. Consequently, the hedging relationship related to the Goldman Sachs Swaps no longer qualified for special hedge accounting, and as of April 1, 2015, the Company de-designated the cash flow hedge related to the Goldman Sachs Swaps. As a result, changes in the fair value of these swaps since the date of de-designation, April 1, 2015, were reported in earnings under "Gain / (Loss) on derivative financial instruments, net." The amount already reported up to March 31, 2015 in "Accumulated other comprehensive income / (loss)" with respect to the corresponding swaps is reclassified to earnings when the hedged forecasted transaction impacts the Company's earnings (i.e., when the hedged loan interest is incurred), except for amounts related to loans of sold or expected to be sold vessels which are being reclassified to earnings when sale is probable, since the forecasted transaction attributable to these vessels is no longer expected to occur. The unamortized balance of "Accumulated other comprehensive income / (loss)" with respect to the corresponding swaps as of December 31, 2017 was $123, all of which is expected to be reclassified into earnings during the following 12-month period when realized.

The amount recognized in Other Comprehensive Income / (Loss) is derived from the effective portion of unrealized losses from cash flow hedges.

In relation to the above interest rate swap agreements designated as cash flow hedges and in accordance with ASC 815 "*Derivatives and Hedging - Timing and Probability of the Hedged Forecasted Transaction*," the management of the Company considered the creditworthiness of its counterparties and the expectations of the forecasted transactions and determined that no events have occurred that would make the forecasted transaction not probable.

Forward Freight Agreements and Bunker Swaps:

During the years ended December 31, 2016 and 2017, the Company entered into a certain number of FFAs on the Capesize, Panamax and Supramax indexes. The results of the Company's FFAs and the valuation of the Company's open position as at December 31, 2016 and 2017 are presented in the tables below.

During the year ended December 31, 2017, the Company also entered into a certain number of bunker swaps. The results of the Company's bunker swaps and the valuation of the Company's open position as at December 31, 2017 are presented in the tables below.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

18. Fair Value Measurements - (continued):

The amount of Gain/ (Loss) on derivative financial instruments, forward freight agreements and bunker swaps recognized in the accompanying consolidated statements of operations are analyzed as follows:

	Year ended December 31, 2015	2016	2017
Consolidated Statement of Operations			
Gain/(loss) on derivative financial instruments, net			
Unrealized gain/(loss) from the Goldman Sachs Swaps after de-designation of accounting hedging relationship (April 1, 2015)	$ 3,443	$ 2,974	$ 2,802
Realized gain/(loss) from the Goldman Sachs Swaps after de-designation of accounting hedging relationship (April 1, 2015)	(4,918)	(5,048)	(2,556)
Write-off of unrealized losses related to forecasted transactions which are no longer considered probable reclassified from other comprehensive income/(loss)	(1,793)	(42)	-
Ineffective portion of cash flow hedges	-	-	-
Total Gain/(loss) on derivative financial instruments, net	**$ (3,268)**	**$ (2,116)**	**$ 246**
Interest and finance costs			
Reclassification adjustments of interest rate swap loss transferred to Interest and finance costs from Other comprehensive income/(loss) (Note 8)	(2,416)	(1,252)	(852)
Total Gain/(loss) recognized	**$ (2,416)**	**$ (1,252)**	**$ (852)**
Gain/(loss) on forward freight agreements and bunker swaps			
Realized gain/(loss) on forward freight agreements	-	370	(877)
Unrealized gain/(loss) on forward freight agreements	-	41	(24)
Unrealized gain/(loss) on bunker swaps	-	-	60
Total Gain/(loss) recognized	$ -	$ 411	$ (841)

The following table summarizes the valuation of the Company's financial instruments as of December 31, 2016 and 2017, based on Level 2 observable inputs of the fair value hierarchy.

	Significant Other Observable Inputs (Level 2) December 31, 2016		December 31, 2017	
	(not designated as cash flow hedges)	**(designated as cash flow hedges)**	**(not designated as cash flow hedges)**	**(designated as cash flow hedges)**
ASSETS				
Forward freight agreements - asset position	$ 41	-	$ 17	-
Bunker swaps - asset position	-	-	60	-
Total	**$ 41**	**$ -**	**$ 77**	**$ -**
LIABILITIES				
Forward freight agreements - liability position	$ -	-	$ -	-
Interest rate swaps - liability position	2,908	437	609	16
Total	**$ 2,908**	**437**	**$ 609**	**16**

The carrying values of temporary cash investments, restricted cash, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. The fair value of long-term bank loans and capital bareboat leases, bearing interest at variable interest rates, approximates their recorded values as of December 31, 2017.

The 2022 Notes have a fixed rate, and their estimated fair value as of December 31, 2017, determined through Level 1 inputs of the fair value hierarchy (quoted price on NASDAQ under the ticker symbol SBLKZ), is approximately $50,640.

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

18. Fair Value Measurements - (continued):

Fair value on a nonrecurring basis

As a result of the decline in charter rates and vessel values during the previous years and because market expectations for future rates were low and vessel values were unlikely to increase to the high levels of 2008, the Company reviewed, in 2015, 2016 and 2017 the recoverability of the carrying amount of its vessels.

As further described in Note 5, the Company recognized an impairment loss of $321,978 for the year ended December 31, 2015, of which:

(i) $17,815 relates to sold operating vessels that had been delivered to their purchasers as of December 31, 2015 or bareboat vessels that were reassigned to their owners during the year. The carrying value of these vessels was written down to the fair value as determined by reference to their agreed sale (or reassignment) prices less costs of sale.

(ii) $201,585 relates to sold operating vessels and newbuildings in 2015 or in early 2016 that had not been delivered to their purchasers as of December 31, 2015. The carrying value of these vessels was written down to the fair value as determined by reference to their agreed sale prices less costs of sale.

(iii) $102,578 relates to certain other operating vessels and newbuildings. Pursuant to its impairment analysis as at December 31, 2015, the Company estimated that these operating vessels and newbuildings would have future undiscounted projected operating cash flows to be earned over their operating life less than their carrying value. In estimating the projected cash flows for these vessels, the Company took into consideration the possibility of their sale, to the extent that attractive sale prices are attainable. The carrying value of these vessels was written down to the fair value as determined by reference to the vessel valuations of independent shipbrokers (as of mid to late December 2015).

The following table summarizes the valuation of these assets described under (ii) and (iii) above, measured at fair value on a non-recurring basis as of December 31, 2015.

	Fair Value Measurements Using			
Long-lived assets held and used	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3) Impairment loss**	**Impairment loss**
Vessels, net	$ —	$ 259,775	$ —	$ 145,631
Advances for vessels under construction	—	36,152	—	158,532
TOTAL	**$ —**	**$ 295,927**	**$ —**	**$ 304,163**

As further disclosed in Note 5, during 2016 the Company recognized an impairment loss of $18,537 related to the sale of two operating vessels and the termination of two newbuilding contracts during the year. The carrying value of the sold vessels was written down to the fair value as determined by reference to their agreed sale prices less the costs of their sale (Level 2). In addition pursuant to the Company's impairment analysis for its entire fleet, as at December 31, 2016, using the same framework that was used in the previous years, which is described in Note 2(n), the Company recognized an additional impairment loss of $10,684. The carrying value of the respective vessels was written down to the fair value as determined by reference to the vessel valuations of independent shipbrokers (as of December 31, 2016).

(Expressed in thousands of U.S. dollars except for share and per share data unless otherwise stated)

18. Fair Value Measurements - (continued):

The table following table summarizes the valuation of these assets measured at fair value on a non-recurring basis as of December 31, 2016:

Long-lived assets held and used	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) Impairment loss	Impairment loss
Vessels, net	$ —	$ 12,700	$ —	$ 10,684
TOTAL	**$ —**	**$ 12,700**	**$ —**	**$ 10,684**

The Company’s impairment analysis as of December 31, 2017, indicated that the carrying amount of the Company’s vessels, was recoverable, and therefore, the Company concluded that no impairment charge, was necessary.

19. Subsequent Events:

In January, 2018, the Company took delivery of the Newcastlemax vessel *Star Eleni* (ex HN 1342), which, was financed under a bareboat charter accounted for as a capital lease, from CSSC (Hong Kong) Shipping Company Limited, as described in Note 6.

In January 2018, the Company received a committed term sheet from a major commercial banking institution for the refinancing of the outstanding balance of the loan agreement with Commerzbank. The completion of the transaction is subject to customary definitive documentation, and the Company expects the refinancing to be completed in April 2018.

In February 2018, the Company received a committed term sheet from ABN Amro N.V for the refinancing of the balloon installments of ABN $87,458 Facility. The completion of the transaction is subject to customary definitive documentation and the Company expects the refinancing to be completed in December 2018.

As described in Note 8 above, in February 2018, the Company paid $35,632 to all parties under its Supplemental Agreements, representing the excess cash resulted from the excess cash mechanism as of December 31, 2017.

On February 27, 2018, Company’s Board of Directors adopted the 2018 Equity Incentive Plan (the “2018 Plan”) and reserved for issuance 700,000 common shares thereunder. The terms and conditions of the 2018 Plan are substantially similar to the terms and conditions of the Company’s previous equity incentive plans. On the same date, 396,500 restricted common shares were granted to certain of the Company’s directors and officers of which 253,500 restricted common shares vest on August 27, 2018, 71,500 restricted common shares vest on February 27, 2019 and the remaining 71,500 restricted common shares vest on February 27, 2021. The fair value of each share was $12.36, based on the closing price of the Company’s common shares on February 26, 2018.

STAR BULK CARRIERS CORP.

INDEX TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STAR BULK CARRIERS CORP.
Consolidated Balance Sheets
As of December 31, 2017 and March 31, 2018 (unaudited)
(Expressed in thousands of U.S. dollars except for share and per share data)

	December 31, 2017	March 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 257,911	$ 248,158
Restricted cash, current (Note 7)	7,169	7,738
Trade accounts receivable	18,521	20,862
Inventories (Note 4)	19,345	19,145
Due from related parties (Note 3)	231	247
Prepaid expenses and other receivables	4,215	5,216
Derivative asset, current (Note 13)	77	128
Other current assets (Notes 2 and 6)	5,157	9,725
Total Current Assets	312,626	311,219
FIXED ASSETS		
Advances for vessels under construction and acquisition of vessels (Notes 5 and 6)	48,574	17,028
Vessels and other fixed assets, net (Note 5)	1,775,081	1,858,347
Total Fixed Assets	1,823,655	1,875,375
OTHER NON-CURRENT ASSETS		
Long term investment (Note 3)	1,063	1,069
Restricted cash, non-current (Note 7)	8,420	8,420
TOTAL ASSETS	**$ 2,145,764**	**$ 2,196,083**
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long term debt (Note 7)	$ 173,958	$ 127,357
Lease commitments short term (Notes 5 and 7)	15,348	20,168
Accounts payable	9,944	15,221
Due to managers	1,420	5,214
Due to related parties (Note 3)	229	170
Accrued liabilities	10,521	9,751
Derivative liability, current (Note 13)	625	971
Deferred revenue	7,229	8,385
Total Current Liabilities	219,274	187,237
NON-CURRENT LIABILITIES		
8.30% 2022 Notes, net of unamortized debt issuance costs of $2,000 and $1,899, respectively (Note 7)	48,000	48,101
Long term debt, net of current portion and unamortized debt issuance costs of $7,119 and $6,545, respectively (Note 7)	575,137	586,898
Lease commitments long term, net of unamortized debt issuance costs of $35 and $34, respectively (Notes 5 and 7)	214,741	275,835
Other non-current liabilities	560	623
TOTAL LIABILITIES	1,057,712	1,098,694
COMMITMENTS & CONTINGENCIES (Note 12)		
STOCKHOLDERS' EQUITY		
Preferred Stock; $0.01 par value, authorized 25,000,000 shares; none issued or outstanding at December 31, 2017 and March 31, 2018 (Note 8)	-	-
Common Stock, $0.01 par value, 300,000,000 shares authorized; 64,160,004 and 64,160,004 shares issued and outstanding at December 31, 2017 and March 31, 2018, respectively (Note 8)	642	642
Additional paid in capital	2,123,108	2,124,170
Accumulated other comprehensive income/(loss) (Note 13)	605	839
Accumulated deficit	(1,036,303)	(1,028,262)
Total Stockholders' Equity	1,088,052	1,097,389
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 2,145,764**	**$ 2,196,083**

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

STAR BULK CARRIERS CORP.
Unaudited Interim Condensed Consolidated Statements of Operations
For the three-month periods ended March 31, 2017 and 2018
(Expressed in thousands of U.S. dollars except for share and per share data

	Three months ended March 31, 2017	2018
Revenues:		
Voyage revenues	$ 64,866	$ 121,057
	64,866	121,057
Expenses		
Voyage expenses	14,999	22,695
Charter-in hire expenses	855	16,470
Vessel operating expenses	24,415	26,273
Dry docking expenses	1,392	1,120
Depreciation	19,645	21,168
Management fees	1,814	1,930
General and administrative expenses	8,032	7,319
Other operational gain (Note 9)	(2,166)	(5)
(Gain)/Loss on forward freight agreements and bunker swaps (Note 13)	797	812
(Gain)/Loss on sale of vessel (Note 5)	369	-
	70,152	97,782
Operating income / (loss)	**(5,286)**	**23,275**
Other Income/ (Expenses):		
Interest and finance costs (Note 7)	(11,141)	(14,273)
Interest and other income/(loss)	620	893
Gain / (Loss) on derivative financial instruments, net (Note 13)	247	(1)
Loss on debt extinguishment (Note 7)	(358)	-
Total other expenses, net	**(10,632)**	**(13,381)**
Income/(Loss) before equity in income of investee	**(15,918)**	**9,894**
Equity in income of investee	33	6
Income / (loss) before taxes	**$ (15,885)**	**$ 9,900**
Income taxes	(65)	-
Net income/(loss)	**(15,950)**	**9,900**
Earnings / (Loss) per share, basic	$ (0.26)	$ 0.15
Earnings / (Loss) per share, diluted	(0.26)	0.15
Weighted average number of shares outstanding, basic (Note 10)	61,027,878	64,107,324
Weighted average number of shares outstanding, diluted (Note 10)	61,027,878	64,303,356

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

STAR BULK CARRIERS CORP.
Unaudited Interim Condensed Consolidated Statements of Comprehensive Income / (Loss)
For the three-month periods ended March 31, 2017 and 2018
(Expressed in thousands of U.S. dollars except for share and per share data)

	Three months ended March 31,	
	2017	**2018**
Net income / (loss)	**$ (15,950)**	**$ 9,900**
Other comprehensive income / (loss):		
Unrealized gains / losses from cash flow hedges:		
Unrealized gain / (loss) from hedging interest rate swaps recognized in Other comprehensive income/(loss) before reclassifications (Note 13)	28	97
Less:		
Reclassification adjustments of interest rate swap loss	249	137
Other comprehensive income / (loss)	**277**	**234**
Comprehensive income / (loss)	**$ (15,673)**	**$ 10,134**

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

STAR BULK CARRIERS CORP.
Unaudited Interim Condensed Consolidated Statements of Stockholders' Equity
For the three-month periods ended March 31, 2017 and 2018
(Expressed in thousands of U.S. dollars except for share and per share data)

	Common Stock					
	# of Shares	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive income/(loss)	Accumulated deficit	Total Stockholders' Equity
BALANCE, January 1, 2017	**56,628,907**	**$ 566**	**$ 2,063,490**	**$ (294)**	**$ (1,026,532)**	**$ 1,037,230**
Net income / (loss)	-	-	-	-	(15,950)	(15,950)
Other comprehensive income / (loss)	-	-	-	277	-	277
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 11)	474,600	5	2,645	-	-	2,650
Issuance of common stock, net of issuance costs (Note 8)	6,310,272	63	50,534	-	-	50,597
BALANCE, March 31, 2017	**63,413,779**	**$ 634**	**$ 2,116,669**	**$ (17)**	**$ (1,042,482)**	**$ 1,074,804**
BALANCE, January 1, 2018	**64,160,004**	**$ 642**	**$ 2,123,108**	**$ 605**	**$ (1,036,303)**	**$ 1,088,052**
Cumulative effect of accounting change (Note 2)	-	-	-	-	(1,859)	(1,859)
Net income / (loss)	-	-	-	-	9,900	9,900
Other comprehensive income / (loss)	-	-	-	234	-	234
Amortization of stock-based compensation (Note 11)	-	-	1,062	-	-	1,062
BALANCE, March 31, 2018	**64,160,004**	**$ 642**	**$ 2,124,170**	**$ 839**	**$ (1,028,262)**	**$ 1,097,389**

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

STAR BULK CARRIERS CORP.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2017 and 2018
(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

	Three months ended March 31, 2017	Three months ended March 31, 2018
Cash Flows from Operating Activities:		
Net income / (loss)	$ (15,950)	$ 9,900
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation	19,645	21,168
Amortization of debt issuance costs (Note 7)	641	676
Loss on debt extinguishment (Note 7)	358	-
Loss / (gain) on sale of vessels (Note 5)	369	-
Stock-based compensation (Note 11)	2,650	1,062
Non-cash effects of derivative financial instruments (Note 13)	(975)	(388)
Change in fair value of forward freight derivatives (Note 13)	714	917
Other non-cash charges	21	63
Amortization of deferred gain (Note 5)	(18)	-
Equity in income of investee	(33)	(6)
Changes in operating assets and liabilities:		
(Increase)/Decrease in:		
Trade accounts receivable	(2,122)	(4,726)
Inventories	(519)	200
Prepaid expenses and other current assets	(77)	(4,236)
Due from related parties	690	(16)
Due from managers	1,430	-
Increase/(Decrease) in:		
Accounts payable	(897)	3,981
Due to related parties	(222)	(59)
Accrued liabilities	(635)	(767)
Due to managers	907	3,794
Deferred revenue	352	19
Net cash provided by / (used in) Operating Activities	6,329	31,582
Cash Flows from Investing Activities:		
Advances for vessels under construction and acquisition of vessels and other assets	(102,872)	(71,317)
Cash proceeds from vessel sales (Note 5)	7,656	-
Hull and machinery insurance proceeds	-	51
Net cash provided by / (used in) Investing Activities	(95,216)	(71,266)
Cash Flows from Financing Activities:		
Proceeds from bank loans and leases	79,937	69,984
Loan and lease prepayments and repayments	(2,982)	(39,484)
Financing fees paid	(110)	-
Proceeds from issuance of common stock	51,454	-
Offering expenses paid related to the issuance of common stock	(857)	-
Net cash provided by / (used in) Financing Activities	127,442	30,500
Net increase/(decrease) in cash and cash equivalents and restricted cash	38,555	(9,184)
Cash and cash equivalents and restricted cash at beginning of period	195,762	273,500
Cash and cash equivalents and restricted cash at end of period	$ 234,317	$ 264,316
Cash paid during the period for:		
Interest	$ 11,832	$ 14,084

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

1. Basis of Presentation and General Information:

Star Bulk Carriers Corp. ("Star Bulk") is a shipping company providing worldwide seaborne transportation solutions in the dry bulk sector. Star Bulk was incorporated in the Marshall Islands on December 13, 2006 and maintains executive offices in Athens, Greece.

Star Bulk's common shares started trading on the NASDAQ Global Select Market on December 3, 2007, under the ticker symbol "SBLK." The accompanying unaudited interim condensed consolidated financial statements include the accounts of Star Bulk and its subsidiaries, which are hereinafter collectively referred to as the "Company," and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") for interim financial information. Accordingly, they do not include all the information and notes required by U.S. GAAP for annual financial statements.

As of March 31, 2018, the Company owned a modern fleet of 73 dry bulk vessels consisting primarily of Newcastlemax, Capesize, Post Panamax, Kamsarmax, Panamax, Ultramax and Supramax vessels with a carrying capacity between 52,055 deadweight tonnage ("dwt") and 209,537 dwt, and a combined carrying capacity of 8,000,979 dwt. Additionally, through its newly established subsidiary, Star Logistics, as further described in the Company's Annual Report on Form 20-F for the year ended December 31, 2017 (the "2017 Annual Report"), during the three-month period ended March 31, 2018 the Company chartered-in a number of third-party vessels on a short to medium term basis (usually not exceeding one year) to increase its operating capacity in satisfying its clients' needs.

These unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all normal recurring adjustments considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows for the periods presented. Operating results for the three-month period ended March 31, 2018 are not necessarily indicative of the results that might be expected for the fiscal year ending December 31, 2018.

The unaudited interim condensed consolidated financial statements presented in this report should be read in conjunction with the 2017 Annual Report. The balance sheet as of December 31, 2017 has been derived from the audited consolidated financial statements as of that date, but, pursuant to the requirements for interim financial information, does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

Unless otherwise defined herein, capitalized words and expressions used herein shall have the same meanings ascribed to them in the 2017 Annual Report.

2. Significant accounting policies and recent accounting pronouncements:

A summary of the Company's significant accounting policies and recent accounting pronouncements is included in Note 2 to the Company's consolidated financial statements included in the 2017 Annual Report. There have been no changes to the Company's significant accounting policies and recent accounting pronouncements in the three-month period ended March 31, 2018, except for the following:

Revenue from Contracts with Customers ("Topic 606")

As further described in (Note 2t) of the Company's consolidated financial statements included in its 2017 Annual Report, the Company generates its revenues from charterers for the charterhire of its vessels under time charter agreements, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate, or voyage charter agreements, where a contract is made in the spot market for the use of a vessel for a specific voyage at a specified freight rate per ton.

Under time charter agreements, voyage costs, such as fuel and port charges are borne and paid by the charterer. The Company's time charter agreements are classified as operating leases. Revenues under operating lease arrangements are recognized when a charter agreement exists, the charter rate is fixed and determinable, the vessel is made available to the lessee and collection of the related revenue is reasonably assured. Revenues are recognized ratably on a straight line basis over the period of the respective charter agreement in accordance with guidance related to leases.

In May 2016, the FASB issued their final standard on revenue from contracts with customers. The standard, which was issued as ASU 2014-09 (Topic 606 or ASC 606) by the FASB, and as amended, outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most legacy revenue recognition guidance. The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in each contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in each contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company adopted the provisions of ASC 606 on January 1, 2018.

Voyage contracts are considered service contracts that fall under the provisions of ASC 606. The Company has determined that there is one single performance obligation for each of its voyage contracts, which is to provide the charterer with an integrated transportation service within a specified time period. In addition, the Company has concluded that a contract for a voyage charter meets the criteria to recognize revenue over time because the charterer simultaneously receives and consumes the benefits of the Company's performance as the Company performs. Therefore, since the Company's performance obligation under each voyage contract is met evenly as the voyage progresses, the revenue is recognized on a straight line basis over the voyage days from the commencement of the loading of cargo to completion of its discharge. Prior to the adoption of ASC 606, revenue from voyage contracts was recognized from the later of the discharge of the prior voyage or the contract date of the current voyage, until the discharge of the current voyage. The effect of this change is presented below.

Demurrage income, which is included in voyage revenues, represents payments by the charterer to the vessel owner when loading or discharging time exceeds the stipulated time in the voyage charter agreements. Demurrage income for the periods ended March 31, 2018 and 2017 was not material.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

2. Significant accounting policies and recent accounting pronouncements - continued:

The following table shows the revenues earned from time charters and voyage charters for the three months ended March 31, 2018:

	Three Months Ended March 31, 2018
Time charters	$ 72,481
Voyage charters	46,381
Pool revenues	2,195
	$ 121,057

Under voyage charter agreements, all voyage costs are borne and paid by the Company. Voyage expenses consist primarily of brokerage commissions, bunker consumption, port expenses and agency fees related to the voyage. Before the adoption of ASC 606, brokerage commissions were expensed over the related charter period, while the remaining voyage expenses were expensed as incurred. Charter-in hire expense and the related commissions for chartering-in the respective vessels, were also expensed ratably on a straight line basis over the period of the respective charter agreement. Following the adoption of ASC 606 and the implementation of ASC 340-40 *Other assets and deferred costs* for contract costs, these costs are considered contract fulfilment costs because they are directly related to the performance of the voyage contract. Those costs are expensed with the exception of those contract fulfilment costs incurred prior to the commencement of loading the cargo on the relevant vessel, which are capitalized to the extent they are directly related to a contract and are recoverable and they enhance the Company's resources by putting the Company's vessel in a location to satisfy its performance obligation under a contract. These capitalized contract fulfilment costs are recorded as an Other current asset and are amortized on a straight-line basis as the related performance obligations are satisfied.

The Company adopted ASC 606 using the modified retrospective approach. As such, the comparative information has not been restated and continues to be reported under the accounting standards in effect for periods prior to January 1, 2018.

As evidenced in the tables below, following the adoption of the new revenue standard in 2018, as of March 31, 2018, the Company has deferred revenue of $3,199 and has deferred expenses of $3,530 ($1,953 voyage expenses and $1,578 charter-in hire expenses) which will be reflected in the Company's earnings when the corresponding voyages are performed. Out of the $3,530 of such deferred expenses, an amount of $1,986 relates to ballasting cost incurred by chartered-in vessels during backhaul voyages (Pacific-Atlantic) that were considered directly related to the corresponding fronthaul voyages (Atlantic – Pacific) that are expected during the following quarters in 2018 and would otherwise have been expensed.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

2. Significant accounting policies and recent accounting pronouncements - continued:

The following table presents the impact of the adoption of ASC 606 on the Company's consolidated balance sheet as at March 31, 2018:

	As of March 31, 2018		
	As Reported	Balances without Adoption of ASC 606	Effect of Change
Assets			
Trade accounts receivable	$ 20,862	$ 23,293	$ (2,431)
Other current assets	9,725	6,195	3,530
Liabilities			
Deferred revenue	8,385	7,617	(768)
Accrued liabilities	9,751	9,760	9

The following table presents the impact of the adoption of ASC 606 on the Company's consolidated statement of operations for the three month period ended March 31, 2018:

	For the three months ended March 31, 2018		
	As Reported	Balances without Adoption of ASC 606	Effect of Change
Voyage revenues	$ 121,057	$ 120,730	$ 327
Voyage expenses	22,695	23,652	957
Charter-in hire expenses	16,470	18,048	1,578
Net income/(loss)	9,900	7,038	2,862
Earnings/(Loss) per share, basic	$ 0.15	$ 0.11	$ 0.04
Earnings/(Loss) per share, diluted	$ 0.15	$ 0.11	$ 0.04

The following table presents the cumulative effect of changes made to the Company's opening consolidated balance sheet on January 1, 2018 for the adoption of ASC 606:

	December 31, 2017	Effect of Adoption of ASC 606	January 1, 2018
Assets			
Trade accounts receivable	$ 18,521	$ (2,385)	$ 16,136
Other current assets	5,157	1,660	6,817
Liabilities			
Deferred revenue	7,229	(1,137)	8,366
Accrued liabilities	10,521	3	10,518
Stockholders' Equity			
Accumulated deficit	(1,036,303)	(1,859)	(1,038,162)

2. Significant accounting policies and recent accounting pronouncements - continued:

Statement of Cash Flows (230)

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (230): Restricted Cash". The amendments in this Update require that a statement of cash flows explains the change during the period in the total amount of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Restricted cash represents minimum cash deposits or cash collateral deposits required to be maintained with certain banks under the Company's borrowing arrangements or derivative contracts, which are legally restricted as to withdrawal or use. In the event that the obligation to maintain such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets. Otherwise, they are classified as non-current assets. The Company adopted this accounting standard update as of January 1, 2018, and this presentation was applied retrospectively to all periods presented as required by the guidance. As a result an amount of $7,738 and $8,420 of current and non-current restricted cash, respectively, has been aggregated with the $248,158 cash and cash equivalents in the end-of-period line item at the bottom of the statements of cash flows for three month period ended March 31, 2018. Similarly, an amount of $11,979 and $8,916 of current and non-current restricted cash, respectively, has been aggregated with the $213,422 cash and cash equivalents in the end-of-period line item at the bottom of the statements of cash flows for three month period ended March 31, 2017.

In August 2016, the FASB issued ASU No. 2016-15- Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments addressing specific cash flow issues with the objective of reducing the existing diversity in practice. The pronouncement was effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company adopted this ASU on January 1, 2018. The impact of the adoption of this amended guidance did not have a material effect on the Company's interim condensed consolidated financial statements.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

3. Transactions with Related Parties:

Details of the Company's transactions with related parties did not change in the three-month period ended March 31, 2018 and are discussed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2017 , included in the 2017 Annual Report.

Transactions and balances with related parties are analyzed as follows:

Balance Sheet

	December 31, 2017	March 31, 2018
Due from related parties		
Oceanbulk Maritime S.A. and its affiliates	$ 107	$ 139
Sydelle Marine Limited	44	43
Starocean Manning Philippines Inc.	80	65
Due from related parties	**$ 231**	**$ 247**
Due to related parties		
Management and Directors Fees	$ 229	$ 170
Due to related parties	**$ 229**	**$ 170**

Statements of Operations

	Three months ended March 31, 2017	Three months ended March 31, 2018
Voyage expenses-Interchart	$ (825)	(825)
Executive directors consultancy fees	(126)	(126)
Non-executive directors compensation	(36)	(36)
Office rent - Combine Marine Ltd. & Alma Properties	(9)	(11)
Voyage revenues - profit sharing agreement-Sydelle Marine Limited	-	43

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

4. Inventories:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	December 31, 2017	March 31, 2018
Lubricants	$ 7,604	$ 8,130
Bunkers	11,741	11,015
Total	**$ 19,345**	**$ 19,145**

5. Vessels and other fixed assets, net:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	December 31, 2017	March 31, 2018
Cost		
Vessels	$ 2,184,841	$2,289,274
Other fixed assets	2,015	2,016
Total cost	**2,186,856**	**2,291,290**
Accumulated depreciation	(411,775)	(432,943)
Vessels and other fixed assets, net	**$ 1,775,081**	**$1,858,347**

Vessels acquired / disposed of during the three-month period ended March 31, 2017

Delivery of newbuilding vessels:

(i) On March 1, 2017 and March 28, 2017, the Company took delivery of the Newcastlemax vessels *Star Virgo* (ex-HN 1371) and *Star Ariadne* (ex-HN 1360), respectively, which as further described in the 2017 Annual Report, are financed under bareboat charters with CSSC (Hong Kong) Shipping Company Limited, or CSSC, and are accounted for as capital leases.

(ii) On March 2, 2017, the Company entered into definitive agreements to acquire two modern Kamsarmax dry bulk vessels, *Star Charis* and *Star Suzanna,* from a third party for $15,150 per vessel. Each of the vessels has a carrying capacity of 81,711 deadweight tons and was built with high specifications at Jiangsu New Yangzijiang in 2013. *Star Charis* was delivered to the Company on March 22, 2017, and *Star Suzanna* was delivered to the Company on May 15, 2017. An advance payment for *Star Suzanna* of $1,515 was paid prior to March 31, 2017. On June 23, 2017, the Company executed a new loan agreement with ABN AMRO Bank N.V. for an aggregate principal amount of $30,844, $16,000 of which was drawn in June 2017, in order to partially finance the two vessels.

Sale of vessels:

On February 9, 2017, the Company entered into an agreement with a third party to sell the vessel *Star Eleonora*. The vessel was delivered to its new owner in March 2017 and the resulting loss on sale is reflected in the accompanying unaudited interim condensed consolidated statement of operations for the three month period ended March 31, 2017.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

5. Vessels and Other Fixed Assets, Net - continued:

Vessels acquired/delivered during the three-month period ended March 31, 2018

Delivery of newbuilding and secondhand vessels:

On January 3, 2018 and March 26, 2018, the Company took delivery of the Newcastlemax vessels *Star Eleni* (ex HN 1342) and *Star Magnanimus* (ex-HN 1361) which, as further described in the 2017 Annual Report, were financed under bareboat leases with CSSC which, among others, require the Company to acquire each underlying vessel at a specified price upon the completion of its bareboat term.

Financing through bareboat leases

As of March 31, 2018, the Company was party to ten bareboat leases which, among others, require the Company to acquire each underlying vessel at a specified price upon the completion of its bareboat term (and therefore recognized in the Company's balance sheet), of which four relate to Ultramax vessels (*Idee Fixe*, *Roberta*, *Laura* and *Kaley)* and six relate to Newcastlemax vessels (*Star Marisa*, *Star Libra*, *Star Virgo*, *Star Ariadne*, *Star Eleni* and *Star Magnanimus).* The interest expense on the financial liability related to these leases for the three-month periods ended March 31, 2017 and 2018 was $2,420 and $3,910, respectively, and is included within "Interest and finance costs" in the accompanying unaudited interim condensed consolidated statements of operations. As of March 31, 2018, the net book value of the vessels under bareboat leases was $425,080 with accumulated depreciation of $24,569. The principal payments required to be made after March 31, 2018 for the outstanding lease obligations are as follows:

Twelve month periods ending	**Amount**
March 31, 2019	$ 39,097
March 31, 2020	41,878
March 31, 2021	41,429
March 31, 2022	41,377
March 31, 2023	57,466
March 31, 2024 and thereafter	183,485
Total capital lease minimum payments	**$ 404,732**
Unamortized debt issuance costs	34
Total lease commitments, net	**$ 404,698**
Excluding bareboat interest	108,695
Lease commitments – current portion	20,168
Lease commitments – non-current portion	275,835

No impairment charge was deemed necessary for the period ended March 31, 2018.

6. Advances for vessels under construction and acquisition of vessels:

	December 31, 2017	**March 31, 2018**
Pre-delivery yard installments and Fair value adjustment	$ 30,402	$ 13,325
Bareboat capital leases – upfront hire & handling fees	10,460	-
Capitalized interest and finance costs	4,753	1,746
Other capitalized costs	2,959	1,901
Advances for secondhand vessels	-	56
Total	**$ 48,574**	**$ 17,028**

6. Advances for vessels under construction and acquisition of vessels - continued:

As of March 31, 2018, the Company had one Newcastlemax dry bulk carrier vessel on order at Shanghai Waigaoqiao Shipbuilding Co., Ltd. ("SWS") in China, HN 1343 (tbn *Star Leo*) which was delivered to the Company on May 14, 2018 (Note 14). In order to finance the delivery installment of vessel HN 1343 (*Star Leo*) amounting to $35,708, on May 2, 2018, the Company entered into an agreement to sell the vessel and simultaneously entered into a bareboat charter party contract with CSSC (Hong Kong) Shipping Company Limited, or CSSC, an affiliate of SWS, a Chinese shipyard, to bareboat charter the vessel for ten years upon delivery of the vessel from the shipyard. Pursuant to the terms of the bareboat charter, an amount of $30,000, for the construction cost of the vessel, as part of the delivery installment to the shipyard, was financed by CSSC, to whom the Company pays a daily bareboat charter hire rate payable monthly plus a variable amount. The difference between the sale price of the vessel and the finance amount of $30,000 was considered to be upfront hire and was agreed to be set-off against part of the sale price. Under the terms of the bareboat charter, the Company has the option to purchase the vessel at any time after vessel's delivery, such option being exercisable on a monthly basis against pre-determined, amortizing-during-the-charter-period prices whilst it has a respective obligation of purchasing the vessel at the expiration of the bareboat term at a purchase price of approximately $9,000. Upon the earlier of the exercise of the purchase option or the expiration of the bareboat charter, the Company will own the vessel.

As a result of the previous renegotiation of prices and delivery dates of certain of the Company's newbuilding vessels, as disclosed in the Company's consolidated financial statements for the year ended December 31, 2017, included in the 2017 Annual Report, the Company as of December 31, 2017 and March 31, 2018 was entitled to receive a refund of $1,604 from the shipyards, which amount is included under "Other current assets" in the accompanying consolidated balance sheets. The amount was collected in April 2018.

7. Long-term Debt:

Details of the Company's credit facilities and debt securities are discussed in Note 8 of the Company's consolidated financial statements for the year ended December 31, 2017, included in the 2017 Annual Report.

The Company's credit facilities contain financial covenants and undertakings requiring the Company to maintain various financial ratios, including:

- a minimum percentage of aggregate vessel value to secured loans (the security cover ratio or "SCR");
- a maximum ratio of total liabilities to market value adjusted total assets;
- a minimum EBITDA to interest coverage ratio;
- a minimum liquidity; and
- a minimum market value adjusted net worth.

In addition, the supplemental agreements the Company entered into in connection with the restructuring of its debt (the "Supplemental Agreements") impose certain restrictions on the Company and specify a quarterly cash sweep mechanism for excess cash generated to be applied towards the payment of deferred principal payments owed from June 1, 2016 through June 30, 2018 under the Company's loan agreements (the "Deferred Amounts"). For a description of the restructuring, including the covenants, other limitations and the cash sweep mechanism placed upon the Company under the Supplemental Agreements, see "Item 5. Operating and Financial Review and Prospects – B. Liquidity and Capital Resources – The Restructuring Transactions" in the 2017 Annual Report. In February 2018, the Company paid $35,632 to all parties under its Supplemental Agreements, as further described in Note 8 of the Company's consolidated financial statements for the year ended December 31, 2017, included in the 2017 Annual Report, representing the excess cash resulting from the cash sweep mechanism as of December 31, 2017.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

7. Long-term Debt - continued:

On December 28, 2017 the Company announced that in light of its improved performance and the dry bulk market in general, it was planning to make debt principal repayments that are in total at least equivalent to the amortization payments scheduled prior to the commencement of debt amortization holidays for the first and second quarter 2018, starting from January 1, 2018, under the cash sweep mechanism incorporated in its loan agreements. As a result of the cash sweep mechanism for the first quarter 2018, excess cash of $30,000 was paid by the Company to all parties under the restructuring transactions in May 2018, collectively with the excess cash that the Company expects to pay in the second quarter, the “Cash Sweep Prepayment Amounts”.

As of December 31, 2017 and March 31, 2018, the Company was required to maintain minimum liquidity, not legally restricted, of $51,359 and $52,918, respectively, which is included within “Cash and cash equivalents” in the accompanying consolidated balance sheets. In addition, as of December 31, 2017 and March 31, 2018, the Company was required to maintain a minimum liquidity, legally restricted, of $15,589 and $16,158, which is included within “Restricted cash” in the accompanying consolidated balance sheets.

Under all loan agreements, the Company is not allowed to pay dividends until all Deferred Amounts have been repaid in full. Additionally, the Company may not pay dividends or distributions if an event of default has occurred and is continuing or would result from such dividend or distribution. As of December 31, 2017 and March 31, 2018, the Company was in compliance with the applicable financial and other covenants contained in its debt agreements, including the Company’s senior unsecured notes due 2022 (the “2022 Notes”).

The principal payments required to be made after March 31, 2018 for all of the then-outstanding bank debt, are as follows:

Twelve month periods ending		**Amount**
March 31, 2019	$	127,357
March 31, 2020		131,771
March 31, 2021		124,153
March 31, 2022		62,736
March 31, 2023		74,686
March 31, 2024 and thereafter		200,097
Total Long term debt	**$**	**720,800**
Unamortized debt issuance costs		6,545
Total Long term debt, net	**$**	**714,255**
Current portion of long term debt		**127,357**
Long term debt, net		**586,898**

The current portion of long term debt as of March 31, 2018, includes the following: i) the scheduled loan repayments for the twelve month period ending March 31, 2019 according to the outstanding loan agreements (as amended with Supplemental Agreements), ii) the Cash Sweep Prepayment Amounts for the first and second quarter 2018 and iii) the adjustment for the refinancing of Company’s facilities as described in Note 14.

The 2022 Notes mature in November 2022 and are presented in the accompanying consolidated balance sheets as of March 31, 2018 net of unamortized deferred financing fees of $1,899.

As of March 31, 2018, 63 of the Company’s 73 owned vessels, having a net carrying value of $1,433,068, were subject to first-priority mortgages as collateral to the Company’s loan facilities. In addition, all ten of the Company’s bareboat chartered vessels, having a net carrying value of $425,080 were pledged as collateral under the Company’s bareboat charter agreements.
For the three-month periods ended March 31, 2017 and 2018, the Company’s existing financing agreements bore interest at a weighted-average rate of approximately 4.48% and 5.16%, respectively.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

7. Long-term Debt - continued:

All of the Company's bank loans bear interest at LIBOR plus a margin. The amounts of "Interest and finance costs" included in the accompanying consolidated unaudited interim condensed consolidated statements of operations are analyzed as follows:

	Three months ended March 31, 2017	2018
Interest on long term debt and capital leases	$ 10,833	$ 13,464
Less: Interest capitalized	(706)	(352)
Reclassification adjustments of interest rate swap loss transferred to Interest and finance costs from Other Comprehensive Income (Note 13)	249	137
Amortization of debt issuance costs	641	676
Other bank and finance charges	124	348
Interest and finance costs	**$ 11,141**	**$ 14,273**

In connection with the cancellation of certain loan commitments resulting from the sale of certain newbuilding vessels upon their delivery from the shipyard, an amount of $358 of unamortized deferred finance charges was written off and included under "Loss on debt extinguishment" in the accompanying unaudited interim condensed consolidated statements of operations for the three-month period ended March 31, 2017.

8. Preferred and Common Shares and Additional Paid-in Capital:

Details of the Company's Preferred and Common Shares are discussed in Note 9 of the Company's consolidated financial statements for the year ended December 31, 2017, included in the 2017 Annual Report.

Equity offerings: On February 2, 2017, the Company completed a private placement of 6,310,272 common shares, at a price of $8.154 per share (the "February 2017 Private Placement"), raised for general corporate purposes. The aggregate proceeds to the Company, net of private placement agent's fees and expenses, were approximately $50,597. One of the Company's significant shareholders, Oaktree and its affiliates, purchased a total of 3,244,292 of the common shares in the February 2017 Private Placement.

9. Other operational gain:

During the three month period ended March 31, 2017, the Company recognized other operational gain of $2,166 resulting from a cash settlement of a commercial dispute.

10. Earnings / (Loss) per Share:

The computation of basic earnings/(loss) per share is based on the weighted average number of common shares outstanding for the three months ended March 31, 2018 and 2017. The calculation of basic earnings per share does not consider the non-vested shares as outstanding until the time-based vesting restriction has lapsed. Diluted earnings/(loss) per share gives effect to stock awards, stock options and restricted stock units using the treasury stock method, unless the impact is anti-dilutive. Diluted earnings per share for the three months ended March 31, 2018 does not include the effect of 396,500 of the Company's non-vested shares and of 104,250 non-vested share options outstanding as of that date, as that effect was anti-dilutive. Diluted net loss per share for the three months ended March 31, 2017 does not include the effect of the 1,024,000 non-vested shares and of the 104,250 non-vested share options outstanding as that date, as their effect was anti-dilutive.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

10. Earnings / (Loss) per Share - continued:

The Company calculates basic and diluted earnings / loss per share as follows:

	Three months ended March 31, 2017	2018
Income / (Loss) :		
Net income / (loss)	$ (15,950)	$ 9,900
Basic earnings / (loss) per share:		
Weighted average common shares outstanding, basic	61,027,878	64,107,324
Basic earnings / (loss) per share	**$ (0.26)**	**$ 0.15**
Effect of dilutive securities:		
Dillutive effect of non vested shares	-	196,032
Weighted average common shares outstanding, diluted	61,027,878	64,303,356
Diluted earnings / (loss) per share	**$ (0.26)**	**$ 0.15**

11. Equity Incentive Plans:

Details of the Company's Equity Incentive Plans and share awards granted up to December 31, 2017 are discussed in Note 12 of the Company's consolidated financial statements for the year ended December 31, 2017, included in the 2017 Annual Report.

All non-vested shares and options vest according to the terms and conditions of the applicable agreements with the Company. The grantee does not have the right to vote the non-vested shares or exercise any right as a shareholder of the non-vested shares, although the issued and non-vested shares pay dividends as declared. The dividends with respect to these shares are forfeitable. Share options have no voting or other shareholder rights.

On February 27, 2018, the Company's Board of Directors adopted the 2018 Equity Incentive Plan (the "2018 Plan") and reserved for issuance 700,000 common shares thereunder. The terms and conditions of the 2018 Plan are substantially similar to the terms and conditions of the Company's previous equity incentive plans. On the same date, 396,500 restricted common shares were granted to certain of the Company's directors and officers of which 253,500 restricted common shares vest on August 27, 2018, 71,500 restricted common shares vest on February 27, 2019 and the remaining 71,500 restricted common shares vest on February 27, 2021. The fair value of each share was $12.36, based on the closing price of the Company's common shares on February 26, 2018.

The Company currently expects that there will be no forfeitures of non-vested shares or options. The shares which are issued in accordance with the terms of the Company's equity incentive plans or awards remain restricted until they vest. For the three-month periods ended March 31, 2017 and 2018, the total share-based compensation cost was $2,650 and $1,062, respectively, included under "General and administrative expenses" in the accompanying unaudited interim condensed consolidated statements of operations.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

11. Equity Incentive Plans - continued:

A summary of the status of the Company's non-vested share options and restricted shares as of March 31, 2017 and 2018 and the movement during the three-month periods ended March 31, 2017 and 2018, respectively, is presented below.

Options	**Number of options**	**Weighted average exercise price**	**Weighted Average Grant Date Fair Value**
Outstanding at January 1, 2017	104,250	$ 27.5	$ 7.0605
Granted	-	-	-
Vested	-	-	-
Outstanding as of March 31, 2017	**104,250**	**$ 27.5**	**$ 7.0605**

Options	**Number of options**	**Weighted average exercise price**	**Weighted Average Grant Date Fair Value**
Outstanding at January 1, 2018	104,250	$ 27.5	$ 7.0605
Granted	-	-	-
Vested	-	-	-
Outstanding as of March 31, 2018	**104,250**	**$ 27.5**	**$ 7.0605**

	Number of shares	**Weighted Average Grant Date Fair Value**
Unvested as at January 1, 2017	385,000	$ 4.82
Granted	944,000	9.59
Vested	(305,000)	4.94
Unvested as at March 31, 2017	**1,024,000**	**$ 9.18**
Unvested as at January 1, 2018	280,000	$ 8.09
Granted	396,500	12.36
Vested	(80,000)	4.35
Unvested as at March 31, 2018	**596,500**	**$ 11.43**

The estimated compensation cost relating to non-vested restricted share awards and share options not yet recognized was $4,731 and $300, respectively, as of March 31, 2018 and is expected to be recognized over the weighted average period of 0.95 years and 2.04 years, respectively.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

12. Commitments and Contingencies:

a) Commitments

The following table sets forth inflows and outflows related to the Company's charter party arrangements and other commitments, as at March 31, 2018.

	Twelve month periods ending March 31,						
+ inflows/ - outflows	**Total**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024 and thereafter**
Future, minimum, non-cancellable charter revenue (1)	$ 77,624	$ 77,624	$ -	$ -	$ -	$ -	$ -
Future, minimum, charter-in hire payments (2)	(7,849)	(7,849)	-	-	-	-	-
Vessel upgrades (3)	(23,071)	(23,071)	-	-	-	-	-
Bareboat commitments charter hire (4)	(43,660)	(3,367)	(3,634)	(3,592)	(3,548)	(3,502)	(26,017)
Total	**$ 3,044**	**$ 43,337**	**$ (3,634)**	**$ (3,592)**	**$ (3,548)**	**$ (3,502)**	**$ (26,017)**

(1) The amounts represent the minimum contractual charter revenues to be generated from the existing, as of March 31, 2018, non-cancellable time and freight charter agreements, of $61,559 and $16,065 respectively, until their expiration, net of address commissions, assuming no off-hire days other than those related to scheduled interim and special surveys of the vessels.

(2) The amounts represent the Company's commitments under the existing, as of March 31, 2018, charter-in arrangements (including non-cancellable time and freight charter agreements, of $6,126 and $1,723 respectively) for third party vessels.

(3) During the three month period ended March 31, 2018 the Company entered into commitments for vessel upgrades, the remaining amount of which is presented in the table above for which the Company has secured partial financing.

(4) The amounts represent the Company's commitments under the bareboat lease arrangements representing the charter hire for the HN1343 (*Star Leo*) that, as of March 31, 2018, was under construction. The bareboat charter hire is comprised of fixed and variable portion, the variable portion is calculated based on the 3-month LIBOR of 2.31175% as March 31, 2018 (please refer to Note 6).

b) Legal proceedings

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of, and has not accrued for, any such claims or contingent liabilities requiring disclosure in the accompanying unaudited interim condensed consolidated financial statements.

13. Fair value measurements:

The Company recognizes all derivative instruments as either assets or liabilities at fair value on its consolidated balance sheets in accordance with ASC Topic 815, "*Derivatives and Hedging*".

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

<u>Fair value on a recurring basis:</u>

Interest rate swaps

Details of the Company's interest rate swap are discussed in Note 18 of the Company's consolidated financial statements for the year ended December 31, 2017, included in the 2017 Annual Report. Major terms are summarized below:

Counterparty	Designed as accounting hedge	Inception	Expiry	Fixed Rate	Notional amount March 31, 2018
Goldman Sachs	No	October 1, 2014	April 1, 2018	1.7925%	90,721
Goldman Sachs	No	October 1, 2014	April 1, 2018	1.8075%	90,721
Goldman Sachs	No	October 1, 2014	April 1, 2018	2.0675%	36,288
Goldman Sachs	No	October 1, 2014	April 1, 2018	1.8450%	90,721
Goldman Sachs	No	October 1, 2014	April 1, 2018	1.8025%	54,432
HSH - Star Challenger	Yes	September 30, 2014	September 28, 2018	1.7650%	6,250
HSH - Star Fighter	Yes	September 30, 2014	September 28, 2018	1.7650%	6,416
Credit Agricole - Star Borealis	Yes	November 10, 2014	August 9, 2018	1.7200%	20,529
Credit Agricole - Star Polaris	Yes	August 11, 2014	November 9, 2018	1.7050%	21,633
Total					**$ 417,711**

The amount recognized in "Other comprehensive income/(loss)" is derived from the effective portion of unrealized gains/losses from cash flow hedges.

An amount of approximately $839 is expected to be reclassified into earnings during the following 12-month period when realized.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

13. Fair value measurements - continued:

Forward Freight Agreements ("FFAs") and Bunker Swaps:

During the year ended December 31, 2017 and the three month period ended March 31, 2018, the Company entered into a certain number of FFAs on the Capesize, Panamax and Supramax indexes. The results of the Company's FFAs and the valuation of the Company's open position as at December 31, 2017 and March 31, 2018 are presented in the tables below.

During the year ended December 31, 2017 and the three month period ended March 31, 2018, the Company also entered into a certain number of bunker swaps. The results of the Company's bunker swaps and the valuation of the Company's open position as at December 31, 2017 and March 31, 2018 are presented in the tables below.

The amounts of Gain / (Loss) on derivative financial instruments, forward freight agreements and bunker swaps recognized in the accompanying unaudited interim condensed consolidated statements of operations, are analyzed as follows:

	Three months ended March 31,	
	2017	**2018**
Consolidated Statement of Operations		
Gain/(loss) on derivative financial instruments, net		
Unrealized gain/(loss) from the Goldman Sachs Swaps after de-designation of accounting hedging relationship (April 1, 2015)	$ 1,098	$ 137
Realized gain/(loss) from the Goldman Sachs Swaps after de-designation of accounting hedging relationship (April 1, 2015)	(851)	(138)
Total Gain/(loss) on derivative financial instruments, net	**$ 247**	**$ (1)**
Interest and finance costs		
Reclassification adjustments of interest rate swap loss transferred to Interest and finance costs from Other comprehensive income/(loss) (Note 7)	(249)	(137)
Total Gain/(loss) recognized	**$ (249)**	**$ (137)**
Gain/(loss) on forward freight agreements and bunker swaps		
Realized gain/(loss) on bunker swaps	(83)	80
Realized gain/(loss) on forward freight agreements	-	25
Unrealized gain/(loss) on forward freight agreements	(714)	(691)
Unrealized gain/(loss) on bunker swaps	-	(226)
Total Gain/(loss) recognized	$ (797)	$ (812)

In relation to the above interest rate swap agreements designated as cash flow hedges and the corresponding amount recorded in "Accumulated other comprehensive (loss) / income" as of March 31, 2018, and in accordance with ASC 815 "*Derivatives and Hedging - Timing and Probability of the Hedged Forecasted Transaction*," the management of the Company considered the creditworthiness of its counterparties and the expectations of the forecasted transactions and determined that no events have occurred that would make the forecasted transaction not probable.

(Expressed in thousands of U.S. dollars except for share and per share data, unless otherwise stated)

13. Fair value measurements - continued:

The guidance for fair value measurements applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

The following table summarizes the valuation of the Company's financial instruments as of December 31, 2017 and March 31, 2018 based on Level 2 observable inputs of the fair value hierarchy such as interest rate curves.

	Significant Other Observable Inputs (Level 2)			
	December 31, 2017		**March 31, 2018**	
	(not designated as cash flow hedges)	**(designated as cash flow hedges)**	**(not designated as cash flow hedges)**	**(designated as cash flow hedges)**
ASSETS				
Forward freight agreements - asset position	$ 17	-	$ -	-
Bunker swaps - asset position	60	-	-	-
Interest rate swaps - asset position	-	-	-	128
Total	**$ 77**	**-**	**$ -**	**128**
LIABILITIES				
Forward freight agreements - liability position	$ -	-	675	-
Bunker swaps - liability position	-	-	166	-
Interest rate swaps - liability position	609	16	130	-
Total	**$ 609**	**16**	**971**	**-**

The carrying values of temporary cash investments, restricted cash, accounts receivable, other current assets, accrued liabilities, due from/to related parties, due to managers and accounts payable approximate their fair value due to the short-term nature of these financial instruments. The fair value of long-term bank loans and bareboat leases, bearing interest at variable interest rates, approximates their recorded values as of March 31, 2018.

The 2022 Notes have a fixed rate, and their estimated fair value, determined through Level 1 inputs of the fair value hierarchy (quoted price on NASDAQ under the ticker symbol SBLKL), is approximately $50,440 as of March 31, 2018.

14. **Subsequent Events:**

a) **Vessel Deliveries and Acquisitions**

i) On April 20, 2018, the Company entered into a definitive agreement to acquire 16 vessels (the "Augustea Vessels") with an aggregate capacity of 1.94 million dwt from entities affiliated with Augustea Atlantica SpA and York Capital Management in an all-share transaction (the "Augustea Vessel Acquisition"). As consideration for the Augustea Vessel Acquisition, the Company has agreed to issue approximately 10.5 million common shares to the sellers of the Augustea Vessels. Under the terms of the agreement governing the Augustea Vessel Acquisition, the consideration was determined based on the average vessel valuations by independent vessel appraisers and is subject to adjustments for cash, debt and capital expenditures on the closing date. As part of the transaction, the Company will assume debt of $310.0 million. An entity affiliated with family members of the Company's CEO, Mr. Petros Pappas, is a passive minority investor in three of the Augustea Vessels. The Augustea Vessel Acquisition was approved by the disinterested members of the Board of Directors of the Company. The Augustea Vessel Acquisition, which is expected to be completed in the third quarter of 2018, remains subject to the execution of definitive financing agreements and customary closing conditions. The Augustea Vessel Acquisition will be accounted for as an asset acquisition. Upon completion of the Augustea Vessel Acquisition, Mr. Raffaele Zagari will be appointed to the Board of Directors of Star Bulk. The technical management of the 16 vessels will remain with an entity affiliated with Augustea Atlantica SpA, while commercial management will be taken over by the Company.

ii) On May 14, 2018, the Company took delivery of the Newcastlemax vessel *Star Leo* (ex- HN 1343) with carrying capacity of 207,939 deadweight tons, built at SWS. The vessel is partially financed under a bareboat charter in the amount of $30.0 million.

iii) On May 14, 2018, the Company entered into a definitive agreement with Oceanbulk Container Carriers LLC ("OCC"), an entity affiliated with Oaktree Capital Management L.P. and with family members of its CEO, Mr. Petros Pappas, (the "OCC Vessel Acquisition") pursuant to which the Company will acquire three Newcastlemax vessels (the "OCC Vessels") with an aggregate capacity of 0.62 million dwt for an aggregate of 3.39 million common shares of Star Bulk subject to adjustments for cash, debt and capital expenditures on the closing date. CSSC (Hong Kong) Shipping Company Limited has agreed to provide a ten-year capital lease of $104.4 million to finance the remaining $103.8 million capital expenditures of the OCC Vessels. The OCC Vessel Acquisition was approved by the disinterested members of the Board of Directors of the Company. The OCC Vessel Acquisition is expected to be completed in the second quarter of 2018. The OCC Vessel Acquisition will be accounted for as an asset acquisition.

iv) On May 14, 2018 the Company entered into a definitive agreement with Songa Bulk ASA ("Songa") pursuant to which the Company will acquire 15 operating vessels with an aggregate capacity of 1.48 million dwt (the "Songa Vessels") for an aggregate of 13.725 million common shares of the Company and $145.0 million in cash (the "Songa Vessel Acquisition"). The cash portion of the consideration will be financed through proceeds of a new five- year capital lease of $180.0 million with China Merchants Bank Leasing with a margin of 280 basis points, thus offering approximately $35.0 million of additional liquidity for the Company for working capital purposes. On June 5, 2018 the shareholders of Songa approved the transaction. The Songa Vessel Acquisition remains subject to customary closing conditions, including the approval by the stock exchange Oslo Børs of the secondary listing for the Company's common shares, and is expected to be consummated in the third quarter of 2018. The OCC Vessel Acquisition will be accounted for as an asset acquisition. Companies controlled by Messrs. Arne Blystad, Magnus Roth and Herman Billung, represent approximately 29% of the outstanding shares of Songa. Upon completion of the Songa Vessel Acquisition, Mr. Arne Blystad will be appointed to the Board of Directors of the Company and Mr. Herman Billung will join the management team of the Company.

14. Subsequent Events - continued:

b) Financing Activities

i) On April 19, 2018, the Company entered into a loan agreement with the National Bank of Greece for the refinancing of the Commerzbank $120,000 Facility (as defined in 2017 Annual Report). On May 3, 2018 the Company drew $30,000 under the new facility (the "NBG $30,000 Facility"), which was used with cash on hand to fully repay the $34,726 outstanding under the Commerzbank $120,000 Facility. Upon refinance of the existing facility, unamortized debt issuance costs related to the Commerzbank $120,000 Facility were written off. The NBG $30,000 Facility is secured by a first priority mortgage on the vessels previously pledged under Commerzbank $120,000 Facility (*Star Aurora, Star Gamma, Star Delta, Star Epsilon, Star Theta* and *Star Iris*). The NBG $30,000 Facility matures on December 31, 2022 and is repayable in 19 equal quarterly installments of $950, commencing in August 2018, and a final balloon payment of $11,950, payable together with the last installment.

ii) In April 2018, the Company entered into a committed term-sheet with DNB Bank ASA, or the "DNB $310,000 Facility", for approximately $310,000, a tranche of $240,000 of which will be used to refinance all amounts outstanding under the ABN $87,458 Facility, the DNB-SEB-CEXIM $227,500 Facility, the DNB $120,000 Facility, the Deutsche Bank AG $39,000 Facility and the ABN AMRO Bank N.V. $30,844 Facility, respectively. The loan will be secured by a first priority mortgage on the vessels previously pledged under the refinanced facilities. The drawdown of the tranche of $240.0 million is expected to be consummated in the third quarter of 2018 and will be repayable in 20 equal quarterly installments of $8,696 and a balloon payment along with the last installment in an amount of $66,087. The tranche of $70,000 which is intended to be used for working capital purposes, will be repayable in 12 quarterly installments, each being equal to 5.55% of that tranche and the remaining balance will be repaid in the form of a balloon installment at the final repayment date. Upon refinance of the existing facilities, any unamortized debt issuance costs related to these facilities will be written off. The completion of the transaction is subject to the execution of customary definitive documentation.

iii) In April 2018, the Company entered into a committed term-sheet with ING Bank N.V., London Branch, or the "ING $45,000 Facility", for a loan of $45,000 to refinance all amounts outstanding under the Deutsche Bank $85,000 Facility. The drawdown of the facility is expected to be consummated in the third quarter of 2018 and will be repayable in 28 equal quarterly installments of $937.5 and a balloon payment along with the last installment in an amount of $18,750. The facility will be secured by a first priority mortgage on the vessels previously pledged under the refinanced Deutsche Bank $85,000 Facility. Upon refinance of the existing facility, any unamortized debt issuance costs related to the Deutsche Bank $85,000 Facility will be written off. The completion of the transaction is subject to the execution of customary definitive documentation.

iv) In April 2018, the Company entered into a committed term-sheet with Citibank N.A., London Branch, or the "Citi $130,000 Facility", for $130,000 to refinance in full the approximately $65,200 outstanding under the Citi Facility and provide approximately $64,800 to refinance the existing indebtedness of 5 of the Augustea Vessels. The total loan amount is expected to be drawn in the third quarter of 2018 and will be repayable in 20 equal quarterly installments of $3,650 each, and a balloon payment along with the last installment in an amount of $57,000. Upon refinance of the existing facility, any unamortized debt issuance costs related to the Citi Facility will be written off. The Citi $130,000 Facility will be secured by a first priority mortgage on the vessels previously pledged under the refinanced Citi Facility and the 5 applicable Augustea Vessels. The completion of the transaction is subject to the execution of customary definitive documentation.

14. Subsequent Events - continued:

b) Financing Activities

v) On May 17, 2018, the Company paid an aggregate amount of $30,000 in total to all parties under Supplemental Agreements which consisted of i) an amount of $25,932 representing the excess cash for the quarter ended March 31, 2018, pursuant to the cash sweep mechanism in the Supplemental Agreements, and ii) an additional amount of $4,068 paid to the parties under the Supplemental Agreements due to the improved market conditions.

vi) In May 2018, the Company entered into a committed term-sheet with Credit Agricole Corporate and Investment Bank, or the "Credit Agricole $43,000 Facility", for a loan of $43,000 to refinance all outstanding amounts under the Credit Agricole $70,000 Facility, that is expected to be drawn in the third quarter of 2018. The facility will be secured by the two vessels previously securing the Credit Agricole $70,000 Facility and will be available in two tranches, each being repayable in 20 equal quarterly installments of $625 and a balloon payment along with the last installment in an amount of $9,000. Upon refinance of the existing facility, any unamortized debt issuance costs related to the Credit Agricole $70,000 Facility will be written off. The completion of the transaction is subject to the execution of customary definitive documentation.

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APPENDIX B— ARTICLES OF INCORPORATION

AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

STAR BULK CARRIERS CORP.
Reg. No. 21451

REPUBLIC OF THE MARSHALL ISLANDS

REGISTRAR OF CORPORATIONS

DUPLICATE COPY

The original of this Document was filed in accordance with Section 5 of the Business Corporations Act on

NON RESIDENT

June 17, 2016

Deputy Registrar

STATEMENT TO AMEND AND RESTATE THE THIRD AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

STAR BULK CARRIERS CORP.

UNDER SECTION 93 OF THE

THE MARSHALL ISLANDS BUSINESS CORPORATIONS ACT

The undersigned, Petros Pappas, as the Chief Executive Officer of Star Bulk Carriers Corp. (the "Corporation"), a corporation incorporated under the laws of the Republic of the Marshall Islands, for the purpose of amending and restating the Third Amended and Restated Articles of Incorporation of said Corporation pursuant to Section 93 of the Business Corporations Act, as amended, hereby certifies that:

1. The name of the Corporation is: Star Bulk Carriers Corp.
2. The Articles of Incorporation were filed with the Registrar of Corporations as of the 13th day of December 2006.
3. The Amended and Restated Articles of Incorporation were filed with the Registrar of the Corporations as of the 8th day of February 2007.
4. The Second Amended and Restated Articles of Incorporation were filed with the Registrar of the Corporations as of the 29th day of December 2009.
5. The Third Amended and Restated Articles of Incorporation were filed with the Registrar of the Corporations as of the 12th day of October 2012
6. Article D(b) of the Third Amended and Restated Articles of Incorporation is hereby deleted in its entirety and replaced with the following:

   "(b) *Reverse Stock Split.* Effective with the commencement of business on June 20, 2016, or such later date as the Registrar of Corporations of the Republic of the Marshall Islands shall determine, the Corporation shall effect a 5-to-1 reverse stock split as to its issued and outstanding common shares, pursuant to which the number of issued and outstanding common shares shall decrease from 219,778,437 to approximately 43,955,687, which may be further adjusted for the cancellation of fractional shares. The reverse stock split shall not change the number of registered shares of common stock the Corporation is authorized to issue or the par value of the common shares. The stated capital of the Corporation is hereby reduced from \$2,197,784 to \$439,556, which may be further adjusted for the cancellation of fractional shares, and the reduction of \$1,758,228, which may be further adjusted for the cancellation of fractional shares, is allocated to surplus."

7. All of the other provisions of the Third Amended and Restated Articles of Incorporation shall remain unchanged in the Fourth Amended and Restated Articles of Incorporation.

8. These Fourth Amended and Restated Articles of Incorporation were authorized by the actions of the Shareholders of the Corporation on December 21, 2015 and by the Board of Directors of the Corporation on June 2, 2016.

IN WITNESS WHEREOF, the undersigned has executed the Fourth Amended and Restated Articles of Incorporation this 17th day of June 2016.

Authorized Person
Name: Petros Pappas
Title: Chief Executive Officer

FOURTH AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

STAR BULK CARRIERS CORP.

(the "Corporation")

PURSUANT TO THE MARSHALL ISLANDS BUSINESS CORPORATIONS ACT

A. The name of the Corporation shall be:

STAR BULK CARRIERS CORP.

B. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Marshall Islands Business Corporations Act (the "BCA").

C. The registered address of the Corporation in the Marshall Islands is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960. The name of the Corporation's registered agent at such address is The Trust Company of the Marshall Islands, Inc. However, the Board of Directors may establish branches, offices or agencies in any place in the world and may appoint legal representatives anywhere in the world.

D. (a) The aggregate number of shares of stock that the Corporation is authorized to issue is three hundred twenty-five million (325,000,000) registered shares of stock, consisting of:

(i) three hundred million (300,000,000) registered common shares with a par value of one cent (US$0.01) per share; and

(ii) twenty-five million (25,000,000) registered preferred shares with a par value of one cent (US$0.01) per share. The Board of Directors shall have the authority to issue all or any of the preferred shares in one or more classes or series with such voting powers, designations, preferences and relative, participating, optional or special rights and qualifications, limitations or restrictions as shall be stated in the resolutions providing for the issue of such class or series of preferred shares.

(b) *Reverse Stock Split.* Effective with the commencement of business on June 20, 2016, or such later date as the Registrar of Corporations of the Republic of the Marshall Islands shall determine, the Corporation shall effect a 5-to-1 reverse stock split as to its issued and outstanding common shares, pursuant to which the number of issued and outstanding common shares shall decrease from 219,778,437 to approximately 43,955,687, which may be further adjusted for the cancellation of fractional shares. The reverse stock split shall not change the number of registered shares of common stock the Corporation is authorized to issue or the par value of the common shares. The stated capital of the Corporation is hereby reduced from \$2,197,784 to \$439,556, which may be further adjusted for the cancellation of fractional shares, and the reduction of \$1,758,228, which may be further adjusted for the cancellation of fractional shares, is allocated to surplus.

E. No holder of shares of the Corporation shall, by reason thereof, have any preemptive or other preferential right to acquire, by subscription or otherwise, any unissued or treasury shares of the Corporation, or any other share of any class or series of the Corporation's shares to be issued because of an increase in the authorized capital stock of the Corporation, or any bonds, certificates of indebtedness, debentures or other securities convertible into shares of the Corporation. However, the Board of Directors may issue or dispose of any such unissued or treasury shares, or any such additional authorized issue of new shares or securities convertible into shares upon such terms as the Board of Directors may, in its discretion, determine, without offering to shareholders then of record, or any class of shareholders, any thereof, on the same terms or any terms.

F. The Corporation shall have every power which a corporation now or hereafter organized under the BCA may have.

G. The name and address of the incorporator is:

Name	Post Office Address
Majuro Nominees, Ltd.	P.O. Box 1405 Majuro, Marshall Islands MH96960

H. Corporate existence commenced on December 13, 2006 and shall continue upon filing these Fourth Amended and Restated Articles of Incorporation (these "Articles") with the Registrar of Corporations responsible for non-resident corporations.

I. (a) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the entire Board of Directors permits, with the term of office of one or another of the three classes expiring each year. The shareholders of the Corporation shall divide the Board of Directors into three classes, with the term of office of the first class to expire at the 2008 Annual Meeting of Shareholders, the term of office of the second class to expire at the 2009 Annual Meeting of Shareholders and the term of office of the third class to expire at the 2010 Annual Meeting of Shareholders. Commencing with the 2008 Annual Meeting of Shareholders, the directors elected at an annual meeting of shareholders to succeed those whose terms then expire shall be identified as being directors of the same class as the directors whom they succeed, and each of them shall hold office until the third succeeding annual meeting of shareholders and until such director's successor is elected and has qualified. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the provisions of this section

(a) of this Article I shall not apply to such holders of preferred stock with respect to the director or directors elected by such holders of preferred stock.

(b) Any vacancies in the Board of Directors for any reason, and any created directorships resulting from any increase in the number of directors, may be filled by the vote of a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the then authorized number of directors shall be increased by the number of directors so to be elected, and the terms of the director or directors elected by such holders shall expire at the next succeeding annual meeting of shareholders.

(c) Notwithstanding any other provisions of these Articles or the Third Amended and Restated Bylaws (the "Bylaws") of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Articles or the Bylaws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time, but only for cause and by the affirmative vote of the holders of 70% or more of the issued and outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the shareholders called for that purpose. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the provisions of this section (c) of this Article I shall apply only to such holders of preferred stock with respect to the director or directors elected by such holders of preferred stock.

Except as otherwise provided by applicable law, cause for the removal of a director shall be deemed to exist only if the director whose removal is proposed: (i) has been found to have been negligent or guilty of misconduct in the performance of his duties to the Corporation in any matter of substantial importance to the Corporation by the affirmative vote of at least 80% of the directors then in office, other than the director whose removal is being sought, at any meeting of the Board called for that purpose or (ii) has been adjudicated by a court of competent jurisdiction to be mentally incompetent, which mental incompetence directly affects his ability to serve as a director of the Corporation.

No proposal by a shareholder to remove a director shall be voted upon at a meeting of the shareholders unless such shareholder has given timely notice thereof in proper written form to the Secretary. To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 120 days nor more than 180 days prior to the one year anniversary of the mailing date of the proxy materials for the immediately preceding annual meeting of shareholders or any such later deadline as may be required in the rules promulgated by the United States Securities and Exchange Commission pursuant to the United States Securities Exchange Act of 1934, as amended, regarding the solicitation of proxies. To be in proper written form, a shareholder's notice must set forth: (a) a statement of the grounds, if any, on which such director is proposed to be removed, (b) evidence reasonably satisfactory to the Secretary, of such shareholder's status as such and of the number of shares of each class of capital stock of the Corporation beneficially owned by such shareholder, and (c) a list of the names and addresses of other shareholders of the Corporation, if any, with whom such shareholder is acting in concert, and the number of shares of each class of capital stock of the Corporation beneficially owned by each such shareholder.

No shareholder proposal to remove a director shall be voted upon at an annual meeting of the shareholders unless proposed in accordance with the procedures set forth in this Article I. If the Chairman of the meeting determines, based on the facts, that a shareholder proposal to remove a director was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that a proposal to remove a director of the Corporation was not made in accordance with the procedures prescribed by these Articles, and such defective proposal shall be disregarded.

All of the foregoing provisions of this Article I are subject to the terms of any preferred stock with respect to the directors to be elected solely by the holders of such preferred stock.

(d) Directors shall be elected by a majority of the votes cast at a meeting of shareholders by the holders of shares entitled to vote in the election. Cumulative voting, as defined in Division 7, Section 71(2) of the BCA, shall not be used to elect directors.

(e) Notwithstanding any other provisions of these Articles or the Bylaws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Articles or the Bylaws of the Corporation), the affirmative vote of the holders of 70% or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter, change or repeal this Article I.

J. (a) The Board of Directors of the Corporation is expressly authorized to make, alter, amend or repeal Bylaws of the Corporation by the vote of at least 66 2/3% of the directors then in office, and the shareholders may, subject to compliance with the provisions of Article II of the Bylaws concerning the nature of business to be transacted at a meeting of the shareholders, by the vote of the holders of 70% or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class), amend, alter, change or repeal any Bylaws adopted by the Board of Directors or make any additional Bylaws or amend or repeal any existing Bylaws. Notwithstanding any other provisions of these Articles or the Bylaws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Articles or the Bylaws of the Corporation), the affirmative vote of the holders of 70% or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter, change or repeal this Article J(a).

(b) To the fullest extent permitted by law, the Chairman of the Corporation's Board of Directors shall be entitled, in his or her sole discretion, to cast an additional vote in any situation where the votes of directors (including the first vote of the Chairman and abstentions, if any) are evenly split on a matter, including, without limitation, if such even split results from:

(1) a vote of the entire membership of the Board of Directors;

(2) a vote of the Directors constituting a quorum at a meeting of the Board of Directors, or

(3) a vote of Directors actually voting at a meeting of the Board of Directors.

K. The Corporation may not engage in any Business Combination with any Interested Shareholder for a period of three years following the time of the transaction in which the person became an Interested Shareholder, unless:

(1) prior to such time, the Board of Directors of the Corporation approved either the Business Combination or the transaction which resulted in the shareholder becoming an Interested Shareholder;

(2) upon consummation of the transaction which resulted in the shareholder becoming an Interested Shareholder, the Interested Shareholder owned at least 85% of the voting stock of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

(3) at or subsequent to such time, the Business Combination is approved by the Board of Directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least 70% of the outstanding voting stock that is not owned by the interested shareholder; or

(4) the shareholder became an Interested Shareholder prior to the consummation of the initial public offering of the Corporation's common stock under the Securities Act.

(b) The restrictions contained in this section shall not apply if:

(1) A shareholder becomes an Interested Shareholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that the shareholder ceases to be an Interested Shareholder; and (ii) would not, at any time within the three-year period immediately prior to a Business Combination between the Corporation and such shareholder, have been an Interested Shareholder but for the inadvertent acquisition of ownership; or

(2) The Business Combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which (i) constitutes one of the transactions described in the following sentence; (ii) is with or by a person who either was not an Interested Shareholder during the previous three years or who became an Interested Shareholder with the approval of the Board; and (iii) is approved or not opposed by a majority of the members of the Board then in office (but not less than one) who were Directors prior to any person becoming an Interested Shareholder during the previous three years or were recommended for election or elected to succeed such Directors by a majority of such Directors. The proposed transactions referred to in the preceding sentence are limited to:

(i) a merger or consolidation of the Corporation (except for a merger in respect of which, pursuant to the BCA, no vote of the shareholders of the Corporation is required);

(ii) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation (other than to any direct or indirect wholly-owned subsidiary or to the Corporation) having an aggregate market value equal to 50% or more of either that aggregate market value of all of the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding shares; or

(iii) a proposed tender or exchange offer for 50% or more of the outstanding voting shares of the Corporation.

The Corporation shall give not less than 20 days notice to all Interested Shareholders prior to the consummation of any of the transactions described in clause (i) or (ii) of section (b)(2) of this Article K.

(c) For the purpose of this Article K only, the term:

(1) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(2) "Associate," when used to indicate a relationship with any person, means: (i) Any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting shares; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

(3) "Business Combination," when used in reference to the Corporation and any Interested Shareholder of the Corporation, means:

(i) Any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation with (A) the Interested Shareholder or any of its affiliates, or (B) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the Interested Shareholder.

(ii) Any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a shareholder of the Corporation, to or with the Interested Shareholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding shares;

(iii) Any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any shares, or any share of such subsidiary, to the Interested Shareholder, except: (A) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares, or shares of any such subsidiary, which securities were outstanding prior to the time that the Interested Shareholder became such; (B) pursuant to a merger with a direct or indirect wholly-owned subsidiary of the Corporation solely for purposes of forming a holding company; (C) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares, or shares of any such subsidiary, which security is distributed, pro rata to all holders of a class or series of shares subsequent to the time the Interested Shareholder became such; (D) pursuant to an exchange offer by the Corporation to purchase shares made on the same terms to all holders of said shares; or (E) any issuance or transfer of shares by the Corporation; provided however, that in no case under items (C)-(E) of this subparagraph shall there be an increase in the Interested Shareholder's proportionate share of the any class or series of shares;

(iv) Any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of any class or series of shares, or securities convertible into any class or series of shares, or shares of any such subsidiary, or securities convertible into such shares, which is owned by the Interested Shareholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares not caused, directly or indirectly, by the Interested Shareholder; or

(v) Any receipt by the Interested Shareholder of the benefit, directly or indirectly (except proportionately as a shareholder of the Corporation), of any loans, advances, guarantees, pledges or other financial benefits (other than those expressly permitted in subparagraphs (i)-(iv) of this paragraph) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

Notwithstanding any other provisions of these Articles, the term "Business Combination," when used in reference to the Corporation and any Interested Shareholder of the Corporation, shall not include any transactions for which definitive agreements were entered into prior to the date of the filing of these Articles.

(4) "Control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract or otherwise. A person who is the owner of 20% or more of the outstanding voting shares of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting shares, in good faith and not for the purpose of circumventing this provision, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

(5) "Interested Shareholder" means any person (other than the Corporation and any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of 20% or more of the outstanding voting shares of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of 20% or more of the outstanding voting shares of the Corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an Interested Shareholder; and the affiliates and associates of such person; provided, however, that the term "Interested Shareholder" shall not include any person whose ownership of shares in excess of the 20% limitation set forth herein is the result of action taken solely by the Corporation; provided that such person shall be an Interested Shareholder if thereafter such person acquires additional shares of voting shares of the Corporation, except as a result of further Company action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an Interested Shareholder, the voting shares of the Corporation deemed to be outstanding shall include voting shares deemed to be owned by the person through application of paragraph (8) below, but shall not include any other unissued shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(6) "Person" means any individual, corporation, partnership, unincorporated association or other entity.

(7) "Voting stock" means, with respect to any corporation, shares of any class or series entitled to vote and, with respect to any entity that is not a corporation, any equity interest entitled to vote.

(8) "Owner," including the terms "own" and "owned," when used with respect to any shares, means a person that individually or with or through any of its affiliates or associates:

(i) Beneficially owns such shares, directly or indirectly; or

(ii) Has (A) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of shares tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered shares is accepted for purchase or exchange; or (B) the right to vote such shares pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any shares because of such person's right to vote such shares if the agreement, arrangement or understanding to vote such shares arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or

(iii) Has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (B) of subparagraph (ii) of this paragraph), or disposing of such shares with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such shares.

(d) Any amendment of this Article K shall not be effective until 12 months after the approval of such amendment at a meeting of the shareholders of the Corporation and shall not apply to any Business Combination between the Corporation and any person who became an Interested Shareholder of the Corporation at or prior to the time of such approval.

(e) Notwithstanding any other provisions of these Articles or the Bylaws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Articles or the Bylaws of the Corporation), the affirmative vote of the holders of 70% or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter, change or repeal this Article K.

L. No director shall be personally liable to the Corporation or any of its shareholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the BCA as the same exists or may hereafter be amended. If the BCA is amended hereafter to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent authorized by the BCA, as so amended. Any repeal or modification of this Section L shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

M. The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The Corporation shall pay the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article M to directors and officers of the Corporation.

The rights to indemnification and to the advance of expenses conferred in this Article M shall not be exclusive of any other right which any person may have or hereafter acquire under these Articles, the Bylaws of the Corporation, any statute, agreement, vote of shareholders or disinterested directors or otherwise.

Any repeal or modification of this Article M shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

N. The Corporation may transfer its corporate domicile from the Marshall Islands to any other place in the world.

O. These Articles were duly adopted in accordance with Section 93 of the BCA and were authorized by the unanimous written consent of the Board of Directors and by the shareholders of the Corporation.

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APPENDIX C—BYLAWS

STAR BULK CARRIERS CORP.
(the "Corporation")

THIRD AMENDED AND RESTATED BYLAWS
As Adopted February 3rd, 2015

ARTICLE I

OFFICES

The principal place of business of the Corporation shall be at such place or places as the directors shall from time to time determine. The Corporation may also have an office or offices at such other places within or without the Marshall Islands as the Board of Directors (the "Board") may from time to time appoint or the business of the Corporation may require.

ARTICLE II

SHAREHOLDERS

Section 1. Annual Meeting:

The annual meeting of shareholders of the Corporation shall be held on such day and at such time and place within or without the Marshall Islands as the Board may determine for the purpose of electing directors and or transacting such other business as may properly be brought before the meeting.

Section 2. Nature of Business at Annual Meetings of Shareholders:

No business may be transacted at an annual meeting of shareholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board (or any duly authorized committee thereof); (b) otherwise properly brought before the annual meeting by or at the direction of the Board (or any duly authorized committee thereof); or (c) otherwise properly brought before the annual meeting by any shareholder of the Corporation (i) who is a shareholder of record on the date of the giving of the notice provided for in Section 2 of this Article II and has remained a shareholder of record through the record date for the determination of shareholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in Section 2 of this Article II. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation (the "Secretary").

To be timely a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than one-hundred twenty (120) days nor more than one-hundred eighty (180) days prior to the one year anniversary of the immediately preceding annual meeting of shareholders. In no event shall the public disclosure of any adjournment of an annual meeting of the shareholders commence a new time period for the giving of the shareholder's notice described herein.

To be in proper written form, a shareholder's notice to the Secretary must set forth as to each matter such shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such shareholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such shareholder, (iv) a description of all arrangements or understandings between such shareholder and any other person or persons (including their names) in connection with the proposal of such business by such shareholder and any material interest of such shareholder in such business and (v) a representation that such shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting. In addition, notwithstanding anything in Section 2 of this Article II to the contrary, a shareholder intending to nominate one or more persons for election as a Director at an annual meeting must comply with Article III Section 3 of these Second Amended and Restated Bylaws for such nomination or nominations to be properly brought before such meeting.

No business shall be conducted at the annual meeting of shareholders except business brought before the annual meeting in accordance with the procedures set forth in Section 2 of this Article II; provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in Section 2 of this Article II shall be deemed to preclude discussion by any shareholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman of the meeting shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 3. **Special Meeting:**

A special meeting of the shareholders may be called at any time by the Board, or by the Chairman of the Board, or by the President. No other person or persons are permitted to call a special meeting. No business may be conducted at the special meeting other than business brought before the meeting by the Board, the Chairman of the Board or the President. The Chairman of the Board or, in the Chairman's absence, another person designated by the Board shall act as the Chairman of all meetings of shareholders. If the Chairman of the special meeting determines that business was not properly brought before the special meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 4. **Notice of Meetings:**

Notice of every annual and special meeting of shareholders, other than any meeting the giving of notice of which is otherwise prescribed by law, stating the date, time, place and purpose thereof, and in the case of special meetings, the name of the person or persons at whose direction the notice is being issued, shall be given personally or sent by mail, telegraph, cablegram, telex or teleprinter at least ten (10) but not more than sixty (60) days before such meeting, to each shareholder of record entitled to vote thereat and to each shareholder of record who, by reason of any action proposed at such meeting would be entitled to have his shares appraised if such action were taken, and the notice shall include a statement of that purpose and to that effect. If mailed, notice shall be deemed to have been given when deposited in the mail, directed to the shareholder at his address as the same appears on the record of shareholders of the Corporation or at such address as to which the shareholder has given notice to the Secretary. Notice of a meeting need not be given to any shareholder who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting prior to the conclusion thereof the lack of notice to him.

Section 5. **Adjournments:**

Any meeting of shareholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the meeting is adjourned for lack of quorum, notice of the new meeting shall be given to each shareholder of record entitled to vote at the meeting. If after an adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record on the new record date entitled to notice in Section 4 of this Article II.

Section 6. **Quorum:**

At all meetings of shareholders, except as otherwise expressly provided by law, there must be present either in person or by proxy shareholders of record holding at least a majority of the shares issued and outstanding and entitled to vote at such meetings in order to constitute a quorum, but if less than a quorum is present, a majority of those shares present either in person or by proxy shall have power to adjourn any meeting until a quorum shall be present.

Section 7. **Voting:**

If a quorum is present, and except as otherwise expressly provided by law, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders. At any meeting of shareholders, with respect to matter for which a shareholder is entitled to vote, each such shareholder shall be entitled to one vote for each share it holds. Each shareholder may exercise such voting right either in person or by proxy provided, however, that no proxy shall be valid after the expiration of eleven months from the date such proxy was authorized unless otherwise provided in the proxy. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in the law of the Marshall Islands to support an irrevocable power. A shareholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary. Shareholders may act by way of written consent in accordance with the provisions of Section 67 of the BCA.

Section 8. **Fixing of Record Date:**

The Board may fix a time not more than sixty (60) nor less than ten (10) days prior to the date of any meeting of shareholders as the time as of which shareholders entitled to notice of and to vote at such a meeting shall be determined, and all persons who were holders of record of voting shares at such time and no other shall be entitled to notice of and to vote at such meeting. The Board may fix a time not exceeding sixty (60) days preceding the date fixed for the payment of any dividend, the making of any distribution, the allotment of any rights or the taking of any other action, as a record time for the determination of the shareholders entitled to receive any such dividend, distribution, or allotment or for the purpose of such other action.

ARTICLE III

DIRECTORS

Section 1. **Number:**

The affairs, business and property of the Corporation shall be managed by a Board to consist of such number of directors, not less than three, as shall be fixed by a vote of not less than 66 2/3% of the entire Board from time to time. The directors, other than those who may be elected by the holders of one or more series of preferred stock voting separately as a class pursuant to the provisions of a resolution of the Board providing for the establishment of any series of preferred stock, shall be divided into three classes, which shall be as nearly equal in number as possible. Each director shall serve his respective term of office until his successor shall have been elected and qualified, except in the event of his death, resignation or removal. No decrease in the number of directors shall shorten the term of any incumbent director. The directors need not be residents of the Marshall Islands or shareholders of the Corporation. Corporations may, to the extent permitted by law, be elected or appointed directors.

Section 2. **How Elected:**

Except as otherwise provided by law or in Section 5 of this Article III, the directors of the Corporation shall be elected at an annual meeting of shareholders. Except as otherwise provided in the Corporation's Second Amended and Restated Articles of Incorporation (the "Articles of Incorporation") or in Section 1 of this Article III, each Director shall be elected to serve until the third succeeding annual meeting of shareholders and until his successor shall have been duly elected and qualified, except in the event of his death, resignation, removal or the earlier termination of his term of office.

Section 3. **Nomination of Directors:**

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Articles of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board may be made at any annual meeting of shareholders (a) by or at the direction of the Board (or any duly authorized committee thereof) or (b) by any shareholders of the Corporation (i) who is a shareholder of record on the date of the giving of the notice provided for in Section 3 of this Article III and on the record date for the determination of shareholder entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in Section 3 of this Article III.

In addition to any other applicable requirements, for a nomination to be made by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary.

To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than one-hundred twenty (120) days nor more than one-hundred eighty (180) days prior to the anniversary date of the immediately preceding annual meeting of shareholders.

To be in proper written form, a shareholder's notice to the Secretary must set forth; (a) as to each person whom the shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder applicable to issuers that are not foreign private issuers and (b) as to the shareholder giving the notice (i) the name and record address of such shareholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such shareholder, (iii) a description of all arrangements or understandings between such shareholder and each proposed nominee and any other person and persons (including their names) pursuant to which the nomination(s) are to be made by such shareholder, (iv) a representation that such shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons named in its notice and (v) any other information relating to such shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in Section 3 of this Article III. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 4. **<u>Removal:</u>**

Any or all of the directors may be removed, with cause, by the affirmative vote of holders of 70% of the issued and outstanding voting shares of the Corporation. No director may be removed without cause. Except as otherwise provided by applicable law, cause for the removal of a director shall be deemed to exist only if the director whose removal is proposed: (i) has been found to have been negligent or guilty of misconduct in the performance of his duties to the Corporation in any matter of substantial importance to the Corporation by the affirmative vote of at least 80% of the directors then in office, other than the director whose removal is being sought, at any meeting of the Board called for that purpose; or (ii) has been adjudicated by a court of competent jurisdiction to be mentally incompetent, which mental incompetence directly affects his ability to serve as a director of the Corporation.

No proposal by a shareholder to remove a director shall be voted upon at a meeting of the shareholders unless such shareholder has given timely notice thereof in proper written form to the Secretary. To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than one hundred and twenty (120) days or more than one hundred eighty (180) days prior to the anniversary date of the immediately preceding annual meeting of the shareholders. To be in proper written form, a shareholder's notice must set forth: (a) a statement of the grounds, if any, on which such director is proposed to be removed, (b) evidence reasonably satisfactory to the Secretary, of such shareholder's status as such and of the number of shares of each class of capital stock of the Corporation beneficially owned by such shareholder, and (c) a list of the names and addresses of other shareholders of the Corporation, if any, with whom such shareholder is acting in concert, and the number of shares of each class of capital stock of the Corporation beneficially owned by each such shareholder.

No shareholder proposal to remove a director shall be voted upon at an annual meeting of the shareholders unless proposed in accordance with the procedures set forth in Section 4 of this Article III. If the Chairman of the meeting determines, based on the facts, that a shareholder proposal to remove a director was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that a proposal to remove a director of the Corporation was not made in accordance with the procedures prescribed by these Second Amended and Restated Bylaws, and such defective proposal shall be disregarded.

All of the foregoing provisions of Section 4 of this Article III are subject to the terms of any preferred stock with respect to the directors to be elected solely by the holders of such preferred stock.

Section 5. <u>Vacancies:</u>

Any vacancies in the Board of Directors for any reason, and any created directorships resulting from any increase in the number of directors, may be filled by the vote of not less than a majority of the members of the Board of Directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the then authorized number of directors shall be increased by the number of directors so to be elected, and the terms of the director or directors elected by such holders shall expire at the next succeeding annual meeting of shareholders.

Section 6. Regular Meetings:

Regular meetings of the Board may be held at such time and place as may be determined by resolution of the Board and no notice shall be required for any regular meeting. Except as otherwise provided by law, any business may be transacted at any regular meeting.

Section 7. <u>Special Meetings:</u>

Special meetings of the Board may, unless otherwise prescribed by law, be called from time to time by the Chairman, the President, or any officer of the Corporation who is also a director. The President or the Secretary shall call a special meeting of the Board upon written request directed to either of them by any two directors stating the time, place and purpose of such special meeting. Special meetings of the Board shall be held on a date and at such time and at such place as may be designated in the notice thereof by the officer calling the meeting.

Section 8. <u>Notice of Special Meeting:</u>

Notice of the special date, time and place of each special meeting of the Board shall be given to each Director at least forty-eight (48) hours prior to such meeting, unless the notice is given orally or delivered in person, in which case it shall be given at least twenty-four (24) hours prior to such meeting. For the purpose of this section, notice shall be deemed to be duly given to a Director if given to him personally (including by telephone) or if such notice be delivered to such Director by mail, telegraph, cablegram, telex or teleprinter to his last known address Notice of a meeting need not be given to any Director who submits a signed waiver of notice, whether before of after the meeting, or who attends the meeting without protesting, prior to the conclusion thereof, the lack of notice to him.

Section 9. <u>Quorum:</u>

A majority of the directors at the time in office, present in person or by proxy or conference telephone, shall constitute a quorum for the transaction of business.

Section 10. <u>Interested Directors:</u>

No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if: (i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, or, if the votes of the disinterested directors are insufficient to constitute an act of the Board as defined in Section 55 of the BCA, by unanimous vote of the disinterested directors; or (ii) the material facts as to his relationship or interest and as to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board, a committee thereof or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

Section 11. <u>Voting:</u>

The vote of the majority of the directors, present in person or by proxy or conference telephone, at a meeting at which a quorum is present shall be the act of the directors. Any action required or permitted to be taken at a meeting may be taken without a meeting if all members of the Board consent thereto in writing.

Section 12. <u>Committees:</u>

The Board may, by resolution or resolutions passed by a majority of the entire Board, designate from among its members an executive committee to consist of two or more of the directors of the Corporation, which, to the extent provided in said resolution or resolutions, or in these Second Amended and Restated Bylaws, shall have and may exercise, to the extent permitted by law, the powers of the Board in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it provided, however, that no committee shall have the power or authority to (i) fill a vacancy in the Board or in a committee thereof, (ii) amend or repeal any bylaw or adopt any new bylaws, (iii) amend or repeal any resolution of the entire Board, (iv) or increase the number of directors on the Board, or (v) remove any Director. In addition, the Board may designate from among its members other committees to consist of two or more of the directors of the Corporation, each of which shall perform such functions and have such authority and powers as shall be delegated to such committee by said resolution or resolutions or as provided for in these Second Amended and Restated Bylaws, except that only the executive committee may have and exercise the powers of the Board. Members of the executive committee and any other committee shall hold office for such period as may be prescribed by the vote of the entire Board, subject, however, to removal at any time by the vote of the Board. Vacancies in membership of such committees shall be filled by vote of the Board. Committees may adopt their own rules of procedures and may meet at stated times or on such notice as they may determine. Each committee shall keep a record of its proceedings and report the same to the Board when required.

Section 13. Compensation of Directors and Members of Committees:

The Board may from time to time, in its discretion, fix the amounts which shall be payable to members of the Board and to members of any committee, for attendance at the meetings of the Board or of such committee and for services rendered to the Corporation.

ARTICLE IV

OFFICERS

Section 1. **Number and Designation:**

The Board shall elect a President, Secretary and Treasurer and such other officers as it may deem necessary. Officers may be of any nationality and need not be residents of the Marshall Islands. The Officers shall be elected annually by the Board at its first meeting following the annual election of directors, but in the event of the failure of the Board to so elect any officer, such officer may be elected at any subsequent meeting of the Board. The salaries of officers and any other compensation paid to them shall be fixed from time to time by the Board. The Board may at any meeting elect additional officers. Each officer shall hold office until the first meeting of the Board following the next annual election of directors and until his successor shall have been duly elected and qualified except in the event of the earlier termination of his term of office, through death, resignation, removal or otherwise. Subject to the provisions of any employment agreement approved by the Board, any officer may be removed by the Board at any time with or without cause. Any vacancy in an office may be filled for the unexpired position of the term of such office by the Board at any regular or special meeting.

Section 2. **President:**

In the absence of the Chairman of the Board, the President of the Corporation shall preside at all meetings of the Board and of the shareholders at which he or she shall be present. The President shall perform all duties incident to the office of president of a corporation and such other duties as may, from time to time, be assigned to him or her by the Board or as may be provided by law.

Section 3. **Secretary:**

The Secretary shall act as secretary of all meetings of the shareholders and of the Board at which he is present, shall have supervision over the giving and serving of notices of the Corporation, shall be the custodian of the corporate records of the corporate seal of the Corporation, shall be empowered to affix the corporate seal to those documents, the execution of which, on behalf of the Corporation under its seal, is duly authorized and when so affixed may attest the same, and shall exercise the powers and perform such other duties as may be assigned to him by the Board or the President.

Section 4. **Treasurer:**

The Treasurer shall have general supervision over the care and custody of the funds, securities, and other valuable effects of the Corporation and shall deposit the same or cause the same to be deposited in the name of the Corporation in such depositories as the Board may designate, shall disburse the funds of the Corporation as may be ordered by the Board, shall have supervision over the accounts of all receipts and disbursements of the Corporation, shall, whenever required by the Board, render or cause to be rendered financial statements of the Corporation, shall have the power and perform the duties usually incident to the office of Treasurer, and shall have such powers and perform other duties as may be assigned to him by the Board or President.

Section 5. **Other Officers:**

Officers other than those treated in Sections 2 through 4 of this Article IV shall exercise such powers and perform such duties as may be assigned to them by the Board or the President.

Section 6. **Bond:**

The Board shall have power to the extent permitted by law to require any officer, agent or employee of the Corporation to give bond for the faithful discharge of his duties in such form and with such surety as the Board may deem advisable.

ARTICLE V

CERTIFICATES FOR SHARES

Section 1. **Form and Issuance:**

For the avoidance of doubt, the following shall not prohibit the issuance of Shares of the Corporation in uncertificated form pursuant to Section 42(1) of the Marshall Islands Business Corporation Act .The Shares of the Corporation shall be represented by certificates in form meeting the requirements of law and approved by the Board. Certificates shall be signed by (i) the President or a Vice-President and by (ii) the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer. These signatures may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself or its employee.

Section 2. **Transfer:**

The Board shall have power and authority to make such rules and regulations as they may deem expedient concerning the issuance, registration and transfer of certificates representing shares of the Corporation's stock, and may appoint transfer agents and registrars thereof.

Section 3. **Loss of Stock Certificates:**

The Board may direct a new certificate of stock to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 4. **Dividends:**

Dividends may be declared in conformity with applicable law by, and at the discretion of, the Board at any regular or special meeting. Dividends may be declared and paid in cash, stock or other property of the Corporation.

ARTICLE VI

INDEMNIFICATION

Section 1. The Corporation shall indemnify, to the full extent permitted by law, any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The Corporation shall indemnify, to the full extent permitted by law, any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the court in which such action or suit was properly brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court having proper jurisdiction shall deem proper.

Section 3. To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 or 2 of this Article VI, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 4. Any indemnification under Sections 1 or 2 of this Article VI (unless ordered by a court having proper jurisdiction) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in such section. Such determination shall be made:

(i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or

(ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or

(iii) by the shareholders.

Section 5. Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Section.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

Section 8. For purposes of this Article VI, references to the "Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article VI with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation of its separate existence had continued.

Section 9. For purposes of this Article VI, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VI.

Section 10. The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 11. No director or officer of the Corporation shall be personally liable to the Corporation or to any shareholder of the Corporation for monetary damages for breach of fiduciary duty as a director or officer, provided that this provision shall not limit the liability of a director or officer (i) for any breach of the director's or the officer's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which the director or officer derived an improper personal benefit.

ARTICLE VII

CORPORATE SEAL

The Seal of the Corporation, if any, shall be circular in form, with the name of the Corporation in the circumference and such other appropriate legend as the Board may from time to time determine.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Corporation shall be such period of twelve consecutive months as the Board may by resolution designate.

ARTICLE IX

AMENDMENTS

These Third Amended and Restated Bylaws may be amended, added to, altered or repealed, or new Bylaws may be adopted, solely at any regular or special meeting of the Board by the affirmative vote of 66 2/3% of the entire Board, or by the shareholders by the affirmative vote of the holders of 70% or more of the outstanding shares of stock entitled to vote (considered for this purpose as one class). The phrase "66 2/3% of the entire Board" shall be deemed to refer to 66 2/3% of the number of directors constituting the Board as set forth in accordance with Article III, without regard to any vacancies, or if the number of Directors constituting 66 2/3% of the entire Board is greater than the number of members of the Board then in office, the unanimous vote of Directors in office.

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APPENDIX D — VALUATION REPORTS

ARROW
VALUATIONS

Octavia House, 1 The Boulevard, Imperial Wharf, London SW6 2UB

Telephone: +44 20 3664 8000 sandp.ldn@arrowship.com

PRIVATE & CONFIDENTIAL

StarBulk Carriers Corp
40 Agiou Konstantinou Street
Maroussi 151 24
Greece

Dear Sirs

As requested, we have made an assessment of the vessels listed below and following our appraisal, we are able to state that in our opinion the approximate fair and reasonable values as at 18th June 2018 as between a "willing Seller and a willing Buyer" are as shown below:

Name	Value
M/V "STAR ELENI"	**US$49,500,000**
M/V "STAR MAGNANIMUS"	**US$49,500,000**
M/V "STAR LEO"	**US$49,500,000**
M/V "STAR VIRGO"	**US$47,250,000**
M/V "STAR ARIADNE"	**US$47,250,000**
M/V ABOY SIENNA	**US$47,250,000**
M/V ABOY LAETITIA	**US$47,250,000**
M/V ABOY KARLIE	**US$45,000,000**
M/V "STAR MARISA"	**US$45,000,000**
M/V "STAR LIBRA"	**US$45,000,000**
M/V "STAR POSEIDON"	**US$46,250,000**
M/V "GARGANTUA"	**US$44,000,000**
M/V "GOLIATH"	**US$44,000,000**
M/V "MAHARAJ"	**US$44,000,000**
M/V "PELOREUS"	**US$41,000,000**
M/V "LEVIATHAN"	**US$41,000,000**
M/V "SONGA CLAUDINE"	**US$32,000,000**
M/V "SONGA OPUS"	**US$30,500,000**
M/V "STAR MARTHA"	**US$31,000,000**
M/V "STAR PAULINE"	**US$28,000,000**
M/V "PANTAGRUEL"	**US$19,500,000**
M/V "STAR BOREALIS"	**US$31,500,000**
M/V "STAR POLARIS"	**US$31,500,000**
M/V "SONGA MOUNTAIN"	**US$29,000,000**
M/V "ABY SCARLETT	**US$32,000,000**

M/V "STAR ANGIE"	**US$23,250,000**
M/V "BIG FISH"	**US$19,500,000**
M/V "KYMOPOLIA"	**US$23,500,000**
M/V "STAR TRIUMPH"	**US$19,500,000**
M/V "ABYO AUDREY"	**US$28,750,000**
M/V "BIG BANG"	**US$23,000,000**
M/V "STAR AURORA"	**US$13,000,000**
M/V "N/B HULL H1388"	**US$50,000,000**
M/V "N/B HULL H1389"	**US$50,000,000**
M/V "N/B HULL H1390"	**US$50,000,000**
M/V "PAOLA"	**US$22,000,000**
M/V "ABML EVA"	**US$22,500,000**
M/V "AMAMI"	**US$21,500,000**
M/V "MADREDEUS"	**US$21,500,000**
M/V "STAR SIRIUS"	**US$21,500,000**
M/V "STAR VEGA"	**US$21,500,000**
M/V "MARIA LAURA PRIMA	**US$18,500,000**
M/V "PIERA"	**US$18,500,000**
M/V "APHRODITE"	**US$19,750,000**
M/V "ABY JEANETTE"	**US$24,500,000**
M/V "SONGA HIROSE"	**US$20,000,000**
M/V "SONGA GRAIN"	**US$17,500,000**
M/V "SONGA MARU"	**US$17,000,000**
M/V "PENDULUM"	**US$15,500,000**
M/V "STAR ANGELINA"	**US$15,500,000**
M/V "STAR GUINETH"	**US$15,500,000**
M/V "STAR KAMILA"	**US$14,500,000**
M/V "STAR SOPHIA"	**US$16,500,000**
M/V "STAR DANAI"	**US$15,500,000**
M/V "STAR RENEE"	**US$15,500,000**
M/V "STAR GEORGIA"	**US$15,500,000**
M/V "STAR NASIA"	**US$15,500,000**
M/V "STAR MARKELLA"	**US$16,500,000**
M/V "STAR LAURA"	**US$15,500,000**
M/V "STAR MOIRA"	**US$15,500,000**
M/V "STAR JENNIFER"	**US$15,500,000**
M/V "STAR MARIELLA"	**US$15,500,000**
M/V "STAR HELENA"	**US$15,500,000**
M/V "STAR NINA"	**US$15,500,000**
M/V "STAR MARIA"	**US$16,500,000**
M/V "SONGA HADONG"	**US$21,000,000**
M/V "SONGA MOON"	**US$21,000,000**
M/V "ABY ASIA"	**US$28,000,000**
M/V "SONGA DEVI"	**US$24,000,000**
M/V "STAR CHARIS"	**US$20,000,000**
M/V "STAR SUZANNA"	**US$20,000,000**
M/V "MERCURIAL VIRGO"	**US$20,000,000**
M/V "SONGA DELMAR"	**US$19,000,000**
M/V "SONGA SKY"	**US$19,000,000**
M/V "LYDIA CAFIERO"	**US$24,500,000**
M/V "NICOLE"	**US$24,500,000**
M/V "ABY VIRGINIA"	**US$27,000,000**
M/V "SONGA GENESIS"	**US$18,000,000**
M/V "SONGA FLAMA"	**US$19,000,000**
M/V "STAR IRIS"	**US$13,000,000**
M/V "STAR EMILY"	**US$13,000,000**

M/V "KENNADI"	**US$23,000,000**
M/V "MACKENZIE"	**US$23,000,000**
M/V "STAR LUTAS"	**US$25,500,000**
M/V "STAR CHALLENGER"	**US$20,000,000**
M/V "STAR FIGHTER"	**US$21,000,000**
M/V "ROBERTA"	**US$22,000,000**
M/V "LAURA"	**US$22,000,000**
M/V "IDEE FIXE"	**US$22,000,000**
M/V "KALEY"	**US$22,000,000**
M/V "SONGA WAVE"	**US$25,500,000**
M/V "HONEY BADGER"	**US$24,250,000**
M/V "WOLVERINE"	**US$24,250,000**
M/V "STAR ANTARES"	**US$24,250,000**
M/V "STAR AQUARIUS"	**US$25,500,000**
M/V "STAR PISCES"	**US$25,500,000**
M/V "ABY MONICA"	**US$25,500,000**
M/V "SONGA GLORY"	**US$19,000,000**
M/V "DIVA"	**US$14,750,000**
M/V "STRANGE ATTRACTOR"	**US$13,000,000**
M/V "STAR OMICRON"	**US$11,750,000**
M/V "STAR GAMMA"	**US$ 9,500,000**
M/V "STAR ZETA"	**US$10,000,000**
M/V "STAR DELTA"	**US$ 8,000,000**
M/V "STAR EPSILON"	**US$ 8,500,000**
M/V "STAR THETA"	**US$ 9,750,000**
M/V "STAR COSMO"	**US$ 9,500,000**
M/V "STAR KAPPA"	**US$ 8,750,000**

ALL FIGURES IN UNITED STATES DOLLARS

These opinions are arrived at on the understanding that the vessels would be in a position to give early delivery, within an acceptable area, free of charter, for cash payment on normal sale terms. We have presumed that the Sellers could give delivery of the vessels free from all debts, registered encumbrances and maritime liens.

We have not made a physical inspection nor have we inspected the classification records of the vessels but, for the purpose of this valuation, it has been presumed that the vessels are in a sound trading condition and have been maintained to standards expected for ships of their age and type. All vessels are presumed to comply fully with the latest IMO/MARPOL/SOLAS requirements and to be fully classed to the requirements of the Classification Society, free of recommendations with clean and valid trading certificates, conforming in all respects with the requirements of the appropriate registry.

It is to be appreciated that the foregoing represents a statement of opinion only and is not representative of fact.

These valuations are given solely for the private use of the addressee and are not for publication or circulation without our prior written permission. This valuation is made as of the date specified and no assurance can be given that such value can be sustained or is realisable in actual transaction.

This valuation is given in good faith solely for your information but neither the Company nor its directors or employees shall be liable in any way whatsoever for any error or omission.

For and on behalf of
ARROW VALUATIONS

Dated London: 18th June 2018 ARVAL-0618649

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REGISTERED OFFICE AND ADVISORS

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(as to Marshall Islands law)
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