UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER PURSUANT TO RULE 13a-16 AND 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the Month of September 2013

File No. 000-54598

Stellar Biotechnologies Inc.

(Name of Registrant)

332 E. Scott Street, Port Hueneme, CA 93041
(Address of principal executive offices)

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
FORM 20-F x FORM 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Form 6-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Stellar Biotechnologies Inc.
(Registrant)

Dated: October 17, 2013

By: */s/ "Kathi Niffenegger"*
Kathi Niffenegger
Corporate Secretary

Exhibits:

99.1 Interim Financial Statements for the period ended May 31, 2013
99.2 Management Discussion and Analysis
99.3 Certification of CEO
99.4 Certification of CFO

Condensed Interim Consolidated Financial Statements
For the Nine Months Ended May 31, 2013

(In US Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

	May 31, 2013	August 31, 2012 *(Note 13)*
Assets:		
Current assets:		
Cash and cash equivalents	**$ 1,788,684**	$ 998,998

Amounts receivable *(Note 4)*	**9,101**	16,924
Prepaid expenses	**32,764**	32,228
Total current assets	**1,830,549**	1,048,150
Noncurrent assets:		
Property, plant and equipment *(Note 5)*	**263,977**	332,990
Licensing rights *(Note 6)*	**123,809**	145,238
Deposits	**15,900**	17,500
Total noncurrent assets	**403,686**	495,728
Total Assets	**$ 2,234,235**	$ 1,543,878
Liabilities and Shareholders' Equity (Deficiency):		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 241,297**	$ 434,654
Deferred revenue	**97,970**	127,477
Total current liabilities	**339,267**	562,131
Long-term liabilities:		
Warrant liability *(Note 8)*	**5,011,775**	130,137
Total Liabilities	**5,351,042**	692,268
Shareholders' equity (deficiency):		
Share capital *(Note 8)*	**9,107,810**	8,016,895
Shares to be issued (*Note 8)*	**1,493,637**	1,493,637
Share-based payment reserve *(Note 8)*	**2,180,578**	1,658,591
Deficit	**(15,898,832)**	(10,317,513)
Total shareholders' equity (deficiency)	**(3,116,807)**	851,610
Total Liabilities and Shareholders' Equity (Deficiency)	**$ 2,234,235**	$ 1,543,878

Nature of Operations and Going Concern *(Note 1)*
Commitments *(Note 7)*
Events After the Reporting Period *(Note 13)*

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on July 25, 2013 and are signed on its behalf by:

Director Signed: *"Frank Oakes"*

Director Signed: *"Mayank Sampat"*

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

Stellar Biotechnologies, Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in US Dollars)

	Three Months Ended		Nine Months Ended	
	May 31, 2013	May 31, 2012	**May 31, 2013**	May 31, 2012
		(Note 13)		*(Note 13)*
Revenues:				
Contract income	**$ 15,000**	$ 15,000	**$ 45,000**	$ 45,000
Commercial sales	**12,050**	9,500	**51,275**	123,425
Grant revenue	**46,164**	18,669	**154,147**	68,351
	73,214	43,169	**250,422**	236,776
Costs of Production, Aquaculture and Grants:				
Costs of production and aquaculture	**55,800**	75,082	**212,240**	399,215
Grant costs	**46,164**	21,175	**154,147**	72,954

	101,964	96,257	**366,387**	472,169
Gross Margin (Loss)	**(28,750)**	(53,088)	**(115,965)**	(235,393)
Expenses:				
Salaries, wages and benefits	**198,720**	297,280	**554,882**	974,593
Research and development	**178,202**	332,184	**684,662**	1,219,987
Legal, consulting and professional services	**43,297**	164,358	**218,560**	463,597
Share-based payments *(Note 8)*	**201,298**	598,181	**521,987**	1,394,097
General and administration	**127,702**	154,959	**416,702**	457,964
Amortization and depreciation	**30,951**	27,842	**92,853**	82,151
Allocation of expenses to grant costs	**(19,816)**	(6,544)	**(63,467)**	(29,591)
	760,354	1,568,260	**2,426,179**	4,562,798
Other Income:				
Loss recovery *(Note 10)*	**-**	-	**-**	105,000
Foreign exchange loss	**(30,389)**	(29,209)	**(60,343)**	(15,569)
Change in fair value of warrant liability *(Note 8)*	**(353,119)**	244,568	**(2,981,740)**	1,219,720
Interest income	**1,075**	1,176	**3,708**	4,066
	(382,433)	216,535	**(3,038,375)**	1,313,217
Loss Before Income Tax	**(1,171,537)**	(1,404,813)	**(5,580,519)**	(3,484,974)
Income tax expense	**-**	-	**800**	800
Loss and Comprehensive Loss for the Period	**$ (1,171,537)**	$ (1,404,813)	**$ (5,581,319)**	$ (3,485,774)
Loss per common share – basic and diluted	**$ (0.02)**	$ (0.03)	**$ (0.11)**	$ (0.08)
Weighted average number of common shares outstanding	53,489,763	43,953,257	50,409,302	43,650,650

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

Stellar Biotechnologies, Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in US Dollars)

	Nine Months Ended	
	May 31, 2013	May 31, 2012
		(Note 13)
Cash Flows From (Used In) Operating Activities:		
Loss for the period	**$ (5,581,319)**	$ (3,485,774)
Items not affecting cash:		
Amortization and depreciation	**92,853**	82,151
Share-based payments	**521,987**	1,394,097
Foreign exchange (gain) loss	**23,597**	15,831
Change in fair value of warrant liability	**2,981,740**	(1,219,720)
Changes in non-cash working capital items:		
Amounts receivable	**(52,520)**	(22,806)
Prepaid expenses	**(536)**	4,198
Accounts payable and accrued liabilities	**(193,357)**	55,352
Deferred revenue	**(29,507)**	153,355
Net cash used in operating activities	**(2,237,062)**	(3,023,316)
Cash Flows From (Used In) Financing Activities:		
Proceeds from exercise of warrants and options	**-**	858,665
Share subscription proceeds	**3,115,875**	-
Share issuance costs	**(125,062)**	-
Net cash provided by financing activities	**2,992,413**	858,665
Cash Flows From (Used In) Investing Activities:		
Acquisition of property, plant and equipment	**(2,411)**	(26,181)

Net cash used in investing activities	**(2,411)**	(26,181)
Effect of exchange rate changes on cash and cash equivalents	**36,746**	(262)
Net change in cash and cash equivalents	**789,686**	(2,191,094)
Cash and cash equivalents – beginning of period	**998,998**	4,145,492
Cash and cash equivalents – end of period	**$ 1,788,684**	$ 1,954,398
Cash (demand deposits)	**$ 1,498,325**	$ 1,326,017
Cash equivalents	**290,359**	628,381
Cash and cash equivalents	**$ 1,788,684**	$ 1,954,398

Supplemental disclosure of non-cash transactions *(Note 11)*

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

Stellar Biotechnologies, Inc.

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited – Prepared by Management)
(Expressed in US Dollars)

	Number of Shares	Share Capital	Shares to be Issued	Share-based Payment Reserve	Deficit	Total
Balance – August 31, 2011 *(Note 13)*	41,611,831	$ 6,541,810	$ 651,000	$ 992,147	$ (5,120,817)	$ 3,064,140
Performance shares to be issued	-	-	837,000	-	-	837,000
Proceeds from exercise of warrants	2,318,600	830,716	-	-	-	830,716
Transfer to share capital on exercise of warrants	-	190,425	-	-	-	190,425
Proceeds from exercise of options	100,000	27,950	-	-	-	27,950
Transfer to share capital on exercise of options	-	23,618	-	(23,618)	-	-
Share-based payments	-	-	-	557,097	-	557,097
Loss for the period	-	-	-	-	(3,485,774)	(3,485,774)
Balance – May 31, 2012 *(Note 13)*	44,030,431	$ 7,614,519	$ 1,488,000	$ 1,525,626	$ (8,606,591)	$ 2,021,554
Balance – August 31, 2012	45,413,561	$ 8,016,895	$ 1,493,637	$ 1,658,591	$ (10,317,513)	$ 851,610
Private placements, net of issuance costs	9.258.400	1,090,915	-	-	-	1,090,915
Share-based payments	-	-	-	521,987	-	521,987
Loss for the period	-	-	-	-	(5,581,319)	(5,581,319)
Balance – May 31, 2013	54,671,961	$ 9,107,810	$ 1,493,637	$ 2,180,578	$ (15,898,832)	$ (3,116,807)

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

Stellar Biotechnologies, Inc.

Notes to Condensed Interim Consolidated Financial Statements
For the Nine Months Ended May 31, 2013
(Expressed in US Dollars)

1. Nature of Operations and Going Concern

Stellar Biotechnologies, Inc. (“the Company”, formerly CAG Capital Inc.) is listed on the TSX Venture Exchange (‘the Exchange”) as a Tier 2 issuer under the trading symbol KLH since April 19, 2010 (formerly under CAG.P) and in the US under the trading symbol SBOTF as of April 4, 2012, and uplisted to OTCQB effective January 14, 2013.

On April 7, 2010, the Company changed its name to Stellar Biotechnologies, Inc. On April 12, 2010, the Company completed a reverse merger transaction with Stellar Biotechnologies, Inc. (“Stellar CA”) which is incorporated under the laws of the State

of California, USA. The Company's head office is 332 E. Scott Street, Port Hueneme, California, 93041, USA, and the registered and records office is 401 – 1231 Barclay Street, Vancouver, BC, V6E 1H5, Canada.

The Company's business is to commercially produce and market Keyhole Limpet Hemocyanin ("KLH") as well as to develop new technology related to culture and production of KLH and subunit KLH ("suKLH") formulations. The Company markets KLH and suKLH formulations to customers in the United States and Europe.

The Company has received grants for the development of new technology from the National Institutes of Health, National Cancer Institute ("NIH"), the National Science Foundation ("NSF") including grants under its Technology Enhancement for Commercial Partnerships ("TECP") program, and Internal Revenue Service ("IRS") qualifying therapeutic discovery project grants.

The accompanying financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

For the nine months ended May 31, 2013, the Company reported a loss of $5,581,319 (2012 - $3,485,774), an accumulated deficit of $15,898,832 (August 31, 2012 - $10,317,513) and working capital of $1,491,282 (August 31, 2012 - $486,019).

In the past, operations of the Company have primarily been funded by the issuance of common shares, exercise of warrants, grant revenues, contract income, and commercial sales. As at May 31, 2013, the Company has remaining revenues available under the NSF SBIR Phase IIB grant program of approximately $291,000. However, additional financial resources are needed to support the Company's initiatives at the current level. Ongoing effort is placed by management on expanding the customer base for existing marketed products, reducing operating costs, and the Company is continuing to seek additional financing alternatives, including nondilutive financing through grants, collaboration and licensing arrangements, and additional equity financing. The Company's ability to increase its revenues or raise additional capital to generate sufficient cash flows to continue as a going concern is subject to risks which are beyond management's control. There can be no assurance that such financing can be obtained on a timely basis or on favorable terms.

Without raising additional financial resources or achieving profitable operations, there is substantial doubt about the ability of the Company to continue as a going concern. These condensed interim consolidated financial statements do not reflect the adjustments that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and settle its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim consolidated financial statements. Such adjustments could be material.

2. Basis of Presentation and IFRS Statement of Compliance

International Financial Reporting Standards Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared on the basis of accounting, policies and methods of computation consistent with those applied in, and should be read in conjunction with, the Company's August 31, 2012 consolidated financial statements.

Basis of Presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which

the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The condensed interim consolidated financial statements of the Company are presented in US dollars, unless otherwise stated, which is the presentation currency.

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at August 31, 2012. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2012.

A number of new standards, amendments to standards and interpretations are effective in future years. The Company does not expect to adopt any of these standards before their effective dates and they have not been applied in preparing these condensed interim consolidated financial statements. New standards effective for annual periods beginning on or after January 1, 2013, include IFRS *10 Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IFRS 13 *Fair Value Measurement*, and amendments to IFRS 7 *Financial Instruments: Disclosure*, IAS 19 *Employee Benefits*, IAS 27 *Separate Financial Statements*, and IAS 28 *Investments in Associates and Joint Ventures*. Amendments to IAS 32 *Financial Instruments: Presentation* are effective for annual periods beginning on or after January 1, 2014. IFRS 9 *Financial Instruments* is effective for annual periods beginning after January 1, 2015.

3. Significant Accounting Policies (continued)

The Company continues to evaluate the impact of these standards on its accounting policies and consolidated financial statements. The extent of the effects of the new accounting standards on the consolidated financial statements has not been determined.

Amendments to IAS 12 *Income Taxes* and IAS 1 *Financial Statement Presentation* are effective for the year ending August 31, 2013. Implementation of these amendments is not expected to have a significant effect on the consolidated financial statements of the Company.

4. Amounts Receivable

	May 31, 2013	August 31, 2012
Amounts receivable	$ 2,530	$ 9,318
Contract receivable	5,000	5,000
GST receivable	1,571	2,606
	$ 9,101	$ 16,924

5. Property, Plant and Equipment

Cost:	**Aquaculture System**	**Laboratory**	**Computer and Office Equipment**	**Tools and Equipment**	**Vehicles**	**Leasehold Improvements**	**Total PP&E**
Balance – August 31, 2012	$ 58,923	$ 62,033	$ 56,710	$ 383,956	$ 10,997	$ 59,107	$ 631,726
Additions	-	-	-	2,411	-	-	2,411
Balance – May 31, 2013	$ 58,923	$ 62,033	$ 56,710	$ 386,367	$ 10,997	$ 59,107	$ 634,137

Accumulated depreciation:	**Aquaculture System**	**Laboratory**	**Computer and Office Equipment**	**Tools and Equipment**	**Vehicles**	**Leasehold Improvements**	**Total PP&E**
Balance – August 31, 2012	$ (44,803)	$ (62,033)	$ (14,978)	$ (138,977)	$ (3,299)	$ (34,646)	$ (298,736)

(Expressed in US Dollars)

Additions	(2,275)	-	(8,720)	(54,926)	(1,650)	(3,853)	(71,424)
Balance – May 31, 2013	$ (47,078)	$ (62,033)	$ (23,698)	$ (193,903)	$ (4,949)	$ (38,499)	$ (370,160)

Carrying Value:	**Aquaculture System**	**Laboratory**	**Computer and Office Equipment**	**Tools and Equipment**	**Vehicles**	**Leasehold Improvements**	**Total PP&E**
Balance – August 31, 2012	$ 14,120	$ -	$ 41,732	$ 244,979	$ 7,698	$ 24,461	$ 332,990
Balance – May 31, 2013	$ 11,845	$ -	$ 33,012	$ 192,464	$ 6,048	$ 20,608	$ 263,977

6. Licensing Rights

During 2010 the Company paid a $200,000 license fee for intellectual property arising under a research collaboration agreement to a customer for licensing rights outside the customer's field of use. The customer and the Company will jointly own the rights to practice the resulting intellectual properties within specified fields of use. The research collaboration agreement terminated August 31, 2011. The related licensing rights do not have a fixed term or termination provisions. The license rights are amortized over the useful life of seven years and are shown net of accumulated impairment losses, if any.

	Licensing Rights	**Accumulated Amortization**	**Carrying Amount**
Balance at August 31, 2012	$ 200,000	$ (54,762)	$ 145,238
Amortization expense		(21,429)	(21,429)
Balance at May 31, 2013	$ 200,000	$ (76,191)	$ 123,809

7. Commitments

The Company leases three buildings and facilities under sublease agreements with the Port Hueneme Surplus Property Authority. On September 1, 2010, the Company exercised its option to extend the three buildings and facilities sublease agreements. The Company has an option to extend the lease for another five years.

The Company also leases office facilities effective July 1, 2011 for a term of three years with the option to extend for an additional two years. The Company must also pay a portion of the common area maintenance.

Future minimum lease payments are as follows:

	May 31, 2013	August 31, 2012
For The Year Ending August 31,		
2013	**$ 38,495**	$ 148,531
2014	**143,735**	139,238
2015	**89,349**	84,852
2016	**14,892**	14,142
	$ 286,471	$ 386,763

Rent expense on these lease agreements for the nine months ended May 31, 2013 was $133,436 (2012 - $128,376).

The Company has purchase order commitments totalling approximately $72,000 as at May 31, 2013, for contracts and consultants (August 31, 2012 - $157,000).

The Company has commitments under certain supply agreements with customers for fixed prices per gram on a non-exclusive basis except within that customer's field of use. Two of the agreements automatically renew each January unless terminated in writing by either party. One agreement has a term through June 2013 and then extends for an additional one-year term with written agreement.

8. Share Capital

Authorized: unlimited common shares without par value.

Private Placements During the Period Ended May 31, 2013:

In October 2012, the Company issued 4,000,000 units at a price of CDN$0.25 per unit for gross proceeds of $1,007,900 (CDN$1,000,000). Each unit is comprised of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN$0.40 exercisable on or before October 25, 2015. The warrants were valued at $830,975. Agent's options were issued to acquire 400,000 units of the Company (valued at $90,995) under the same terms of the private placement and are exercisable at CDN$0.25 on or before October 25, 2015. The common shares are subject to the Exchange four month hold policy which ends on February 26, 2013. The Company paid $50,395 of share issuance costs in relation to the private placement.

In January 2013, the Company issued 1,998,400 units at a price of CDN$0.25 per unit for gross proceeds of $502,098 (CDN$499,600). Each unit is comprised of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN$0.40 exercisable on or before January 4, 2016. The warrants were valued at $448,240. Agent's options were issued to acquire 97,200 units of the Company (valued at $23,693) under the same terms of the private placement and are exercisable at CDN$0.25 on or before January 4, 2016. The common shares are subject to the Exchange four month hold policy which ends on May 3, 2013. The Company paid $24,422 of cash share issuance costs in relation to the private placement.

In April 2013, the Company issued 3,260,000 units at a price of CDN$0.50 per unit for gross proceeds of $1,605,877 (CDN$1,630,000). Each unit is comprised of one common share of the Company and one half of a transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of CDN$0.75 exercisable on or before October 2, 2014. Agent's options were issued to acquire 102,000 units of the Company (valued at $36,206) under the same terms of the private placement and are exercisable at CDN$0.50 on or before October 2, 2014. The common shares are subject to the Exchange four month hold policy which ends on August 4, 2013. The Company paid $50,245 of cash share issuance costs in relation to the private placement.

Escrow Shares

An aggregate of 2,500,000 common shares were held in escrow pursuant to an Escrow Agreement dated April 29, 2008. Of these shares, as at May 31, 2013, Nil shares remain in escrow.

An aggregate of 4,119,386 common shares were held in escrow pursuant to an Escrow Agreement dated April 7, 2010. The shares are subject to release provisions, with 10% being released upon closing of the reverse takeover and the balance as to 15% every six months. Of these shares, as at May 31, 2013, Nil remain in escrow. The remaining 5,880,614 common shares are subject to resale restrictions over a period of three years, with 10% being free-trading, and the remaining shares subject to resale restrictions, as to 15% becoming free-trading every six months.

Performance Shares

There were 10,000,000 performance shares set aside for officers, directors and employees of Stellar based on meeting milestones related to completion of method development for commercial-scale manufacture of KLH, compilation and regulatory submittal of all required chemistry, manufacturing and control data and completion of preclinical toxicity and immunogenicity testing of products.

Stellar Biotechnologies, Inc.
Notes to Condensed Interim Consolidated Financial Statements
For the Nine Months Ended May 31, 2013
(Expressed in US Dollars)

8. Share Capital (continued)

During the year ended August 31, 2011, the Company reached the first performance share milestone and issued 3,333,335 shares of the Company to the individuals named in the Performance Share Plan. Accordingly, $930,000 was transferred from

shares to be issued to share capital.

During the year ended August 31, 2012, the Company reached the final two share milestones and issued 1,313,130 shares of the Company to non-director individuals named in the Performance Share Plan. Accordingly, $366,363 was transferred from shares to be issued to share capital. As at May 31, 2013, there are 5,353,535 performance shares outstanding to be issued.

During the nine months ended May 31, 2013, $Nil (2012 - $837,000) was recorded as share-based payments representing the measurement of vested performance shares during the period.

Warrants

A summary of the Company's outstanding warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
		CDN $
Balance, as at August 31, 2011	13,079,326	$ 0.65
Exercised	(2,318,600)	0.37
Expired	(2,702,126)	0.40
Balance, as at August 31, 2012	8,058,600	$ 1.01
Granted	8,227,600	0.46
Expired	(1,905,600)	0.52
Balance, as at May 31, 2013	14,380,600	$ 0.57

The weighted average trading price at the date the warrants were exercised during the nine months ended May 31, 2013 was $Nil (year ended August 31, 2012 - CDN$0.41).

The following table summarizes information about the warrants outstanding as at May 31, 2013:

CDN Exercise Price	Number of Warrants	Expiry Date	
CDN $			
$0.71	6,153,000	November 14, 2013	(Note 15)
$0.75	1,630,000	October 2, 2014	
$0.50	102,000	October 2, 2014	Agent options
$0.40	4,000,000	October 25, 2015	
$0.25	400,000	October 25, 2015	Agent options
$0.40	1,998,400	January 4, 2016	(Note 15)
$0.25	97,200	January 4, 2016	Agent options
	14,380,600		

8. Share Capital (continued)

Warrant Liability – Warrants Issued With Canadian Dollar Exercise Prices

Equity offerings were completed whereby warrants were issued with exercise prices denominated in Canadian dollars. The Company's functional currency is in US dollars. As a result of having exercise prices denominated in other than the Company's functional currency, these warrants meet the definition of derivatives and are therefore classified as derivative liabilities measured at fair value with adjustments to fair value recognized through the condensed interim consolidated statements of loss and comprehensive loss.

The fair value of the warrants was determined using the Black-Scholes option pricing model at the end of each reporting period. Upon exercise of the warrants, the fair value of warrants included in derivative liabilities was reclassified to equity.

(Expressed in US Dollars)

The fair value of warrants exercised during the nine months ended May 31, 2013 and 2012 was determined using the Black-Scholes option pricing model, using the following assumptions:

	2013	2012
Risk free interest rate	N/A	2.49%
Expected life (years)	N/A	0.11
Expected share price volatility	N/A	110%

The fair value of warrants granted was determined using the Black-Scholes option pricing model, using the following weighted average assumptions at the end of each reporting period:

	2013	2012
Risk free interest rate	1.18%	N/A
Expected life (years)	2.79	N/A
Expected share price volatility	122%	N/A
Expected dividend yield	0%	N/A

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

Options

The Company has a stock option plan ("the Plan") to be administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 20% of the issued and outstanding share capital amount and subject to a maximum of 8,785,000 shares. The minimum exercise price which a stock option may be granted is CDN$0.10. Stock options granted to directors, officers, employees and consultants are subject to the following vesting schedule:

(a) One-third shall vest immediately;

(b) One-third shall vest 12 months from the Effective Date; and

(c) One-third shall vest 18 months from the Effective Date.

Stock options granted to investor relations vest over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting.

8. Share Capital (continued)

Options have been issued under the Plan allowing the holders to purchase common shares of the Company as follows:

	Number of Options	Weighted Average Exercise Price
		CDN $
Balance, as at August 31, 2011	4,254,600	$ 0.43
Granted	1,809,600	0.40
Exercised	(170,000)	0.28
Forfeited	(105,000)	0.77
Balance, as at August 31, 2012	5,789,200	$ 0.42
Granted	1,200,000	0.43
Forfeited	(116,666)	0.56
Balance, as at May 31`, 2013	6,872,534	$ 0.42

The weighted average trading price at the date the options were exercised during the nine months ended May 31, 2013 was $Nil (year ended August 31, 2012 - CDN$0.33).

8. Share Capital (continued)

The following table summarizes information about the options under the Plan outstanding and exercisable as at May 31, 2013:

CDN Exercise Price	Number of Options	Exercisable at February 28, 2013	Expiry Date
$0.25	250,000	125,000	October 23, 2015
$0.28	2,265,000	2,265,000	April 9, 2017
$0.25	55,000	55,000	May 17, 2017
$0.28	70,000	70,000	June 17, 2017
$0.28	20,000	20,000	June 28, 2017
$0.28	70,000	70,000	July 13, 2017
$0.64	70,000	70,000	October 25, 2017
$1.00	60,000	60,000	February 10, 2018
$0.65	1,306,267	1,306,267	August 8, 2018
$0.50	5,000	5,000	September 26, 2018
$0.40	76,667	53,334	December 22, 2018
$0.42	1,667	1,667	February 16, 2019
$0.42	1,232,933	829,733	April 13, 2019
$0.42	50,000	33,333	April 26, 2019
$0.29	90,000	30,000	June 18, 2019
$0.37	150,000	50,000	August 9, 2019
$0.37	150,000	50,000	August 16, 2019
$0.25	75,000	25,000	October 23, 2019
$0.25	215,000	71,667	December 19, 2019
$0.58	560,000	186,667	May 14, 2020
$0.58	100,000	33,333	May 23, 2020
	6,872,534	5,411,001	

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. The estimated fair value of the stock options granted during the nine months ended May 31, 2013 and 2012 was determined using a Black-Scholes option pricing model with the following weighted average assumptions:

	2013	2012
Risk free interest rate	1.55%	1.64%
Expected life (years)	6.17	7.0
Expected share price volatility	123%	158%
Expected dividend yield	0%	0%

The average fair value of stock options awarded during the period was $0.38 and $0.41 respectively.

Stellar Biotechnologies, Inc.
Notes to Condensed Interim Consolidated Financial Statements
For the Nine Months Ended May 31, 2013
(Expressed in US Dollars)

9. Related Party Disclosures

For the nine months ended May 31, 2013, the Company had the following transactions with key management personnel. There are no other related parties as defined by IAS 24.

a) Paid or accrued salaries of $381,356 (2012 - $789,816) to directors, former directors and officers of the Company and their family members;

b)

(Expressed in US Dollars)

Paid or accrued short-term employee benefits of $73,687 (2012 - $46,441) to directors, former directors and officers of the Company and their family members;

c) Paid or accrued director fees of $9,400 (2012 - $37,680) to directors and former directors of the Company;

d) Paid or accrued consulting fees of $14,325 (2012 - $44,383) to directors, former directors and officers of the Company;

e) Paid or accrued professional fees of $40,451 (2012 - $48,626) to an officer of the Company;

f) The share-based payments to directors, family members of directors, former directors and officers of the Company during the nine months ended May 31, 2013 were $320,872 (2012 - $1,238,347). Share-based payments are the vested fair value of the options granted plus the vested value of performance shares.

As at May 31, 2013, the Company owed $155 (2012 - $13,800) to directors and officers of the Company for consulting fees and expense reimbursements which are included in accounts payable and accrued liabilities on the condensed interim consolidated statements of financial position.

On August 14, 2002, the Company entered into an agreement to pay royalties to a director and officer in exchange for assignment of patent rights to the Company. The royalty is 5% of gross receipts in excess of $500,000 annually from products using this invention. The Company's current operations utilize this invention. The royalties for the nine months ended May 31, 2013 were $Nil (2012 - $Nil).

10. Loss Recovery

A shipment of KLH was damaged by a vendor. The vendor agreed to reimburse the Company for the value of the KLH. In accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, the loss recovery was recorded during the year ended August 31, 2012 when the realization of income was virtually certain.

11. Supplemental Disclosure of Non-Cash Transactions

Supplemental disclosure of non-cash financing and investing activities include the following:

	May 31, 2013	May 31, 2012
Financing activities:		
Share issuance costs – agent's options	**$ 150,894**	$ -
Warrant valuations on private placements	**1,749,003**	-
Transfer to share capital on exercise of warrants	-	190,425
Cash paid during the period for taxes	**800**	800
Cash paid during the period for interest	-	-

12. Financial Instruments and Risk Management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, foreign exchange risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at May 31, 2013, the Company does not have any debt and is not subject to externally imposed capital requirements.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate as a result in market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions included in the Company's cash and cash equivalents are subject to a floating rate of interest.

The interest rate risks on cash are not considered significant.

Foreign Exchange Risk

The Company incurs operating expenses and capital expenditures mostly in US dollars, with some operating expenses incurred in Canadian dollars which are subject to foreign currency fluctuations. The fluctuation of the US dollar in relation to Canadian dollars will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At May 31, 2013, the US dollar was equal to 1.03381 Canadian dollars. The currency risk is considered to be insignificant.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, cash equivalents and amounts receivable. Management's assessment of the Company's credit risk for cash and cash equivalents is low as cash and cash equivalents are held in financial institutions believed to be credit worthy. The Company limits its exposure to credit loss by placing its cash with major financial institutions and invests only in short-term obligations.

Approximately 83% of the Company's commercial sales and contract income during the nine months ended May 31, 2013 were from two customers (2012 - 93% from two customers). All of the grant revenue during the nine months ended May 31, 2013 was received from NSF (2012 - 100% from NSF).

Approximately 83% of the Company's amounts receivables at May 31, 2013, were from three customers (August 31, 2012 - 77% from three customers), Nil% were from the NSF grants (August 31, 2012 - Nil) and 17% from GST refund (August 31, 2012 - 15%).

12. Financial Instruments and Risk Management (continued)

While the Company is exposed to credit losses due to the non-performance of its counterparties, the Company considers the risk of this remote. The Company estimates its maximum credit risk for amounts receivable at the amount recorded on the statement of financial position.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at May 31, 2013, the Company had a cash and cash equivalents balance of $1,788,684 (August 31, 2012 - $998,998) to settle current liabilities of $339,267 (August 31, 2012 - $562,131).

Fair Value

The fair value of the Company's financial instruments is believed to equal the carrying amounts due to the short terms to maturity.

Fair value measurement disclosures include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

(Expressed in US Dollars)

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's fair value of cash and cash equivalents under the fair value hierarchy is measured using Level 1 inputs and fair value of the warrant liability is measured using Level 2 inputs.

13. Correction of Error

The comparative amounts have been adjusted to reflect the correction of an error described in the audited consolidated financial statements for the year ended August 31, 2012.

14. Segment Information

The Company operates in one reportable segment, the aquaculture, research and development, production and marketing of KLH products. The Company's operations are in California, USA, and its corporate assets, comprising mainly cash, are located in Canada.

	KLH Operations (USA)	Corporate (Canada)	Total
		May 31, 2013	
Total assets	$ 1,263,217	$ 971,018	$ 2,234,235
Current liabilities	335,541	3,726	339,267
Warrant liability	-	5,011,775	5,011,775
Revenues from external parties	250,422	-	250,422
Net loss	(1,725,164)	(3,856,155)	(5,581,319)
		May 31, 2012	
Total assets	$ 1,521,392	$ 990,997	$ 2,512,389
Current liabilities	364,770	3,074	367,844
Warrant liability	-	117,229	117,229
Revenues from external parties	236,776	-	236,776
Net loss	(2,779,179)	(706,595)	(3,485,774)

15. Events After the Reporting Period

Subsequent to May 31, 2013:

a) Subsequent to the period ended May 31, 2013, 380,000 warrants to purchase an equal number of common shares at a price of CDN$0.71 per share were exercised for gross proceeds of CDN$269,800 and 100,000 warrants to purchase an equal number of common shares at a price of CDN$0.40 per share were exercised for gross proceeds of CDN$40,000.

Management Discussion and Analysis

For the Nine Months Ended May 31, 2013

As at July 25, 2013

Introduction

The following Management Discussion and Analysis ("MD&A") of Stellar Biotechnologies, Inc. (the "Company" or "Stellar") has been prepared by management as at July 25, 2013 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the nine months ended May 31, 2013 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"), and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.SEDAR.com, US Securities and Exchange Commission EDGAR at www.sec.gov/edgar.shtml and the Company's website at www.stellarbiotechnologies.com.

All financial information in this MD&A related to the nine months ended May 31, 2013 and comparative information has been prepared in accordance with IFRS and all dollar amounts are quoted in US dollars, the functional currency and presentation currency of the Company, unless specifically noted.

To the extent that any statements made in this document contain information that is not historical, these statements are considered forward-looking and are subject to risks and uncertainties. Actual results, levels of activities, performance, or achievements could differ materially from those projected herein and depend on a number of factors, including the successful and timely completion of research and clinical trials, the uncertainties related to the regulatory process, and the commercialization of the Company's products thereafter.

The cautionary statements made in this report should be read as applying to forward-looking statements wherever they appear in this report. The Company's future results could differ materially from those discussed here. Factors that could cause or contribute to these differences include those discussed under "Risks and Uncertainties".

Description of Corporate Entity

Stellar Biotechnologies, Inc. ("the Company" or "Stellar") is listed on the TSX Venture Exchange ("the Exchange") as a Tier 2 issuer under the trading symbol KLH. It is traded in the U.S. OTCQB under the trading symbol SBOTF. The Company's head office is located in Port Hueneme, California, USA.

Stellar is a company with biotech and pharmaceutical customers and research partners, $7 million in research having been conducted with US government National Institutes of Health ("NIH") and National Science Foundation ("NSF") grants, with a portfolio of intellectual property involving new aquaculture and marine culture processes as well as technology for producing pharmaceutical formulations of Keyhole Limpet Hemocyanin ("KLH") that sell for $5,000 - $200,000 per gram into the medical, academic and research markets. KLH is an essential component for many cancer vaccines and highly anticipated **therapeutic vaccines**, including those for lymphoma, sarcoma, breast cancer, Alzheimer's disease, rheumatoid arthritis, lupus, and chemical dependencies.

In the past, operations of the Company have primarily been funded by the issuance of common shares, exercise of warrants, grant revenues, contract income, and commercial sales. As at May 31, 2013, the Company has remaining revenues available under the NSF SBIR Phase IIB grant program of approximately $291,000. However, additional financial resources are needed to support the Company's initiatives at the current level. Ongoing effort is placed by management on expanding the customer base for existing marketed products and the Company is continuing to seek additional financing alternatives, including nondilutive financing through grants, collaboration and licensing arrangements, and additional equity financing. The Company's ability to increase its revenues or raise additional capital to generate sufficient cash flows to continue as a going concern is subject to risks which are beyond management's control. There can be no assurance that such financing can be obtained on a timely basis or on favorable terms. Without raising additional financial resources or achieving profitable operations, there is substantial doubt about the ability of the Company to continue as a going concern.

Global Overview of KLH

The Company's core activity is production of purified KLH for use in a new class of medicines known as therapeutic vaccines and in immunological research. The Company is the only company dedicated solely to developing and commercializing KLH products. Demand for its KLH is driven by over a dozen biopharmaceutical companies that have advanced KLH-based therapeutic vaccines in clinical trials for a wide variety of serious chronic diseases.

KLH is a potently immunogenic (i.e. a substance that induces an immune response) high-molecular-weight protein. It offers an ideal carrier molecule for vaccine antigens (i.e., substances that promote the generation of antibodies) against cancers and infectious agents. The combination of an antigen against specific tumor cell-types, conjugated to the immunogenic KLH molecule, is the basis for a proven strategy for a new class of drugs known as therapeutic vaccines. Potent yet proven safe in humans, KLH is highly prized as a critical component of several important therapeutic vaccines including vaccines for lymphoma, bladder, breast, colon, and other cancers.

The Company is positioned to become the premier worldwide supplier of vaccine-grade KLH. The commercial prospects of KLH vaccines under development are threatened by one common factor; reliance on KLH from a fragile wild population of M. crenulata, which is found only sporadically in the coastal waters from central California to northern Baja California, Mexico. There is currently no regulated fishery to protect this limited population from over-exploitation and fishery stocks are being rapidly depleted before a bona fide regulated commercial fishery can be instituted to mitigate the unsustainable harvesting pressure. With the expected imminent potential approval of KLH-based vaccines, the limited natural population of M. crenulata will not sustain KLH supplies. We believe that the Company is the only company that has aquaculture and harvesting technology to ensure sustainable supplies.

The Company has developed what is believed to be the world's only dedicated aquaculture technology and captive, hatchery-reared populations of M. crenulata for sustainable vaccine-grade KLH production. The Company's intellectual properties include sophisticated proprietary aquaculture methods, the only patented non-lethal hemolymph extraction process, and proprietary vaccine-grade protein purification methods for production of KLH that meets the specific needs of vaccine developers.

Currently, the Company provides cGMP (current good manufacturing practices) KLH products to the biopharmaceutical and vaccine development markets, with KLH supply contracts in place with two vaccine developers, including one of the world's largest pharmaceutical companies, and it expects to complete contract negotiations with additional customers in the future.

Company's Technology

The Company's proprietary intellectual property includes patent, patent pending and key trade secrets related to sourcing and purifying KLH for medical markets by spawning and maintaining the rare **keyhole limpet** which is found only in the slender strip of ocean off the coast of northern Baja to central California; non-lethal hemolymph extraction technology for environmentally sustainable production of KLH and highly efficient manufacturing methods for the purification of various formulations of the KLH molecule for use in dynamic pharmaceutical and veterinary markets as a powerful immune stimulant, antigen carrier, and vaccine adjuvant with a long history of efficacy, safety and low toxicity.

Key Employees

Frank R. Oakes is President, Chief Executive Officer, and Director. Mr. Oakes has 30 years of management experience in biotechnology and aquaculture including a decade as CEO of The Abalone Farm, Inc., during which he led that company through the R&D, capitalization, and commercialization phases of development to become the first profitable and largest abalone producer in the U.S. He is the inventor of the company's patented method for non-lethal extraction of hemolymph from the keyhole limpet. He is the Principal Investigator ("PI") on the company's current Small Business Innovation Research ("SBIR") grant from the National Science Foundation and was PI on the company's Phase I and II SBIR grants from the NIH's Centre for Research

Resources, and a California Technology Investment Partnership ("CalTIP") grant from the Department of Commerce. He has consulted and lectured for the aquaculture industry around the world. Frank received his Bachelor of Science degree from California State Polytechnic University, San Luis Obispo and is a graduate of the Los Angeles Regional Technology Alliance ("LARTA") University's management-training program.

Scott Davis is Chief Financial Officer. He is a partner of Cross Davis & Company LLP Certified General Accountants, a firm focused on providing accounting and management services for publicly-listed companies. His experience includes CFO positions of several companies listed on the TSX Venture Exchange, and his past experience consists of senior management positions, including three years at Appleby as an Assistant Financial Controller. Prior to that, he spent two years at Davidson & Company LLP Chartered Accountants as an Auditor, five years with Pacific Opportunity Capital Ltd. as an Accounting Manager, and two years at Jacobson Soda and Hosak, Chartered Accountants.

Herbert S. Chow, Ph.D. is Chief Technology Officer. Dr. Chow has held key business management and product development positions in new biologic devices, clinical diagnostic and consumer diagnostic markets. He held key senior management positions with start-up biotechnology companies, as well as international pharmaceutical companies Abbott Labs and Johnson & Johnson. Dr. Chow earned his BS in Microbiology and Immunochemistry at Ohio State University and his Ph.D. in Immunopathology at the University of Illinois.

Catherine Brisson, Ph.D. is Chief Pharmaceutical Officer. Dr. Brisson has extensive experience in the biotech, pharmaceutical and medical device arenas with cross-functional expertise in Quality Assurance and Regulatory Affairs providing leadership and direction over cGMP, GLP & GCP operations in a clinical development and commercial setting. She has held key positions in Quality Control, Validation and Product/Process Development areas with start-up biotechnology companies, as well as an international pharmaceutical company, Sicor Pharmaceuticals, Inc. Dr. Brisson earned her BS in Chemistry at North Carolina State University and her Ph.D. in Organic Chemistry at the University of North Carolina.

Corporate Goals and Objectives

The Company's goal is to execute its business strategy:

1. Produce, maintain and develop keyhole limpets through key intellectual property ("IP").

2. Continuously advance key IP to extract, purify and formulate KLH profitably, while increasing the number and maintaining the good health of the essential source animals.

3. Market and sell the Company's formulations of KLH and use consistent efforts to expand markets, promote the use of KLH within the academic, research, pharmaceutical, biotech and medical diagnostic markets.

4. Alone and in partnership with others, develop and sell as many proprietary KLH-based products as possible for the medical diagnostic and therapeutic markets.

Since our report in December 2012 for the year ended August 31, 2012, Stellar has continued to make significant progress on many important fronts and continues to advance our corporate mandate and achieve goals for long-term shareholder benefit.

Corporate Milestones

The Company completed the final two of three milestones in 2012 which were disclosed in our Qualifying Transaction documents in 2010. Stellar has begun selling its diagnostic products and in April 2012 announced the launch of the first suite of 6 preclinical ELISA (enzyme-linked immunosorbent assays) test kits targeted for the immunotoxicity drug development markets.

In December 2011 the Company announced that it had completed expansion of its keyhole limpet hatchery facility and increased limpet production capacity to support production of multi-kilogram quantities of KLH to meet future demand forecasted by customers. The facility expansion integrates proprietary technological advances developed under the Company's National Science Foundation funded research and represents the largest and most advanced culture technology for the keyhole limpet.

Business Development

The last fiscal year was particularly challenging for the Company due to the economy and its effect on the timing of many of our customers' clinical trials. Delays in the launch of our customers' trials, unrelated to Stellar or KLH, resulted in delays in the realization of revenues from supply contracts and KLH sales forecasted for 2012. In spite of the economic climate Stellar has advanced its business and product development agendas on several important initiatives, including:

In September 2011, we announced that the Company received the first purchase order for KLH under previously announced supply agreement with Sigma Aldrich's SAFC Division for a low six figure US$ amount. This product is now being sold by SAFC through its distribution network to important vaccine customers.

During October 2011, Stellar entered into an exclusive manufacturing and supply agreement with Life Diagnostics (www.lifediagnostics.com). Life Diagnostics is a leader in the manufacture and sale of ELISA kits, purified biomarkers and

antibodies for cardiovascular, inflammation, immunotoxicity and immunology research. Under the agreement, Life Diagnostics collaborated with Stellar develop and manufacture Stellar brand KLH ELISA test kits for the preclinical diagnostic market, The launch of Stellar KLH™ ELISA Test Kits occurred In April 2012.

Stellar KLH™ ELISA Kits are designed for the rapid, quantitative measure of anti-KLH antibodies in serum or plasma samples. Stellar's product launch includes six different kits to measure either IgG or IgM antibodies in a range of preclinical models. The new assay kits are the first anti-KLH ELISA's (enzyme-linked immunosorbent assays) made with the Company's proprietary Stellar KLH™ Protein. This provides the unique benefits of quantitative measurements with wide dynamic range, low assay background and reproducible linearity.

In drug immunotoxicity screening applications, determination of a drug candidate's immunosuppressive effects on anti-KLH antibody levels allows easy assessment of immune system regulation. The Company has shown that Stellar KLH can produce more robust primary and secondary anti-KLH responses compared to competitors' products. The consistent, reliable anti-KLH responses are critical for proper immunotoxicology testing. Stellar launched in March 2013 HMW and subunit KLH in vial format for preclinical drug screening applications.

Below is an endorsement of the quality of our ELISA product received directly from a major pharma customer:

"I would just like to thank you and let you know that we were extremely pleased with the results gained from the IgG and IgM Rat anti-KLH ELISA test kits purchased from Stellar Biotech. We were particularly impressed with the quality of the assay and the reproducibility of the results gained. Due to the quality of the generated results we would like to continue to quantify KLH specific IgG and IgM levels and as such I have raised a further order...".

In April 2012, the Company also announced that it had entered into an agreement with the University of Guelph (Ontario, Canada) under which the University has granted Stellar an exclusive option to license a patent pending technology for the development of a vaccine candidate against Clostridium difficile infection ("CDI"). Clostridium difficile is a major and growing cause of mortality and morbidity in hospitalized patients. CDI-related treatments in the U.S. and European countries are estimated at more than $7 billion a year. This agreement accentuates Stellar's commitment to a strategy of acquiring promising vaccine candidates as well as other infectious disease targets that may work synergistically with Stellar's KLH platform, and have potential to address serious, unmet global clinical needs.

During the second quarter of fiscal year 2012, we completed a successful cGMP manufactured lot of KLH-20-MV using a method that incorporated significant improvements to the method previously developed under the collaborative agreement with Bayer Innovation. In the third quarter of fiscal year 2012 we completed our first GMP manufactured lot of high molecular weight KLH-01NV and now are selling this product for immune system response testing and offering it in combination with our Stellar KLH™ ELISA Test Kits. In March 2013, the Company submitted a BB-MF for the subunit KLH product to CBER at the FDA (Center for Biologic Evaluation & Research) to support customers who file applications under the CBER division thus expanding the applicability of the company's KLH for broader use.

With product offerings now available to meet the specific requirements for preclinical and clinical immune response testing and vaccine conjugation, the Company in now actively exploring multiple avenues of co-involvement under mutual non-disclosure agreements signed with 7 of the 15 largest biopharma companies, all of which have come to Stellar seeking KLH supplies and access to the Company's KLH expertise. Many have come to us through the KLH information web site (http://www.klhsite.com) which was launched by Stellar in March 2012 as a web-based resource to assist researchers and our customers in accessing important information about to support regulatory filing and expanded use of KLH.

U.S. Stock Listing

On January 14, 2013, the Company was uplisted for trading in the U.S. from the Pinksheets to the OTCQB and is now free to solicit investment ("blue skied") in 48 states and Washington, DC. OTCQB companies must be registered with and reporting to the SEC or a U.S. regulatory agency. Stellar has been fully reporting to the SEC as a foreign issuer since April 4, 2012; its regulatory filings are available on EDGAR in the U.S. (http://edgar.sec.gov/) as well as on SEDAR in Canada (www.sedar.com).

Corporate Development

In August 2012, the Company added a director, Gregory Baxter, to fill the board vacancy created in February 2012 upon the death of one of our directors and increased the number of directors from six to seven by the addition Mayank (Mike) Sampat. In January 2013, the Company announced the retirement of Malcolm Gefter from the Board of Directors. Dr. Gefter retained his position on the Company's Scientific Advisory Board. In June 2013, the Company announced the resignation of Darrell Brookstein from the Board of Directors to pursue personal and outside business commitments.

Our website has changed significantly and continues to be updated to reflect our evolving market focus. We encourage you to visit our site and sign up to be on our list to receive regular updates by visiting http://www.stellarbiotechnologies.com/contact/request_info/.

The Stellar team looks forward to the future with great enthusiasm and the expectation that we will continue to achieve the corporate goals and business objectives that bring value to the Company and to serve the interests of our shareholders, partners, customers and employees.

News Releases

a) On October 4, 2012, the Company announced the filing of a US Letters Patent Application directed to protecting certain proprietary KLH manufacturing controls, KLH formulations and kits used in immunotoxicology and immune status testing.

b) On October 15, 2012, the Company announced that it will make an application to the TSX Venture Exchange to amend the terms of 6,153,000 share purchase warrants by extending the expiry date of the warrants by twelve months from November 14, 2012 to November 14, 2013 and reducing the exercise of the warrants to CDN$0.71 per share. On November 5, 2012, the Company announced it received approval for this transaction.

c) On October 23, 2012, the Company announced it granted 250,000 and 75,000 stock options exercisable at CDN$0.25 for a period of three and seven years respectively under the Company's Share Option Plan.

d) On October 26, 2012, the Company announced that it closed a non-brokered private placement and issued 4,000,000 units at a purchase price of CDN$0.25 per unit for gross proceeds of $1,007,900 (CDN$1,000,000). Each unit consists of one common share in the capital of the Company and one transferable share purchase warrant, each warrant entitling the holder to purchase one additional common share in the capital of the Company on or before October 25, 2015, at a purchase price of CDN$0.40 per share. In connection with the private placement the Company paid a finder's fee to a firm consisting of $50,395 in cash and a non-transferable share purchase option exercisable into 400,000 units in the capital of the Company on or before October 25, 2015 at a price of CDN$0.25 per unit, each unit having the same terms as the units issued in the private placement. All securities issued by the Company pursuant to the private placement are subject to a hold period of four months and one day and cannot be resold until February 26, 2013.

e) On December 4, 2012, the Company announced the submission of a patent application to the U.S. Patent and Trademark Office for new innovations related to the Company's KLH technology, including claims for pharmaceutical grade compositions of matter, advanced manufacturing processes and methods of use in a wide range of therapies.

f) On December 18, 2012, Mr. Frank Oakes, Chief Executive Officer and Mr. Darrell Brookstein, Executive VP, Corporate Development and Finance of Stellar hosted a conference call and webcast with investors to discuss the Company's business strategies. The webcast can be viewed on the Company's web site.

g) On December 19, 2012, the Company announced it granted 215,000 stock options exercisable at CDN$0.25 for a period of seven years under the Company's Share Option Plan.

h) On January 2, 2013, the Company announced that it closed a non-brokered private placement and issued 1,998,400 units at a purchase price of CDN$0.25 per unit for gross proceeds of $502,098 (CDN$499,600). Each unit consists of one common share in the capital of the Company and one transferable share purchase warrant, each warrant entitling the holder to purchase one additional common share in the capital of the Company on or before January 4, 2016, at a purchase price of CDN$0.40 per share. In connection with the private placement the Company paid finder's fees to firms consisting of $24,422 in cash and non-transferable options exercisable into 97,200 units in the capital of the Company on or before January 4, 2016 at a price of CDN$0.25 per unit, each unit having the same terms as the units issued in the private placement. All securities issued by the Company pursuant to the private placement are subject to a hold period of four months and one day and cannot be resold until May 3, 2013.

i) On January 2, 2013, the company announced the retirement of Malcolm Gefter from the Company's Board of Directors. Dr. Gefter will retain his position on the Company's Scientific Advisory Board.

j) On January 15, 2013, the Company announced that it was uplisted from the Pinksheets to the OTCQB. OTCQB companies must be registered with and reporting to the SEC or a U.S. regulatory agency. Stellar has been fully reporting to the SEC since April 4, 2012; its regulatory filings are available on EDGAR in the U.S. (http://edgar.sec.gov/) as well as on SEDAR in Canada (www.sedar.com).

k) On January 22, 2013 the Company announced that it had achieved an industry milestone in aquaculture science by successfully controlling the complete life cycle of multiple generations of the Giant Keyhole Limpet (*Megathura crenulata*), the scarce marine source for Keyhole Limpet Hemocyanin (KLH).

l) On February 6, 2013, the Company announced that submission of a provisional patent application to the U.S. Patent and Trademark Office for new innovations related to the Company's KLH-based combinatorial adjuvant technology, including claims for pharmaceutical grade adjuvant compositions, manufacturing processes and uses in a wide range of vaccine therapies.

m) On February 19, 2013, the Company announced that it exceeded its 2012 plan to increase key stages of its aquaculture capacity to prepare for future demand for KLH. The Company exceeded its aquaculture hatchery goal by nearly 30%, the combined result of expanded facilities and new methods related to the cultivation of the Giant Keyhole Limpet (Megathura crenulata).

n) On March 13, 2013, the Company announced presentation of results from a preclinical study of KLH, conducted together with a prestigious industry partner, showing that manufacturing source and molecule form can impact the magnitude and consistency of antibody response to KLH. Among GMP grade KLHs tested in the study, Stellar HMW KLH and Stellar Subunit KLH elicited the greatest IgM and IgG responses compared to the subunit KLHs from other sources. The abstract was presented at the 52nd Annual Meeting of the Society of Toxicology (SOT).

o) On March 19, 2013, the Company announced submission of a Type IV Biologics Master File (BB-MF) to the U.S. Food and Drug Administration (FDA) Center for Biologics Evaluation and Research (CBER) for its subunit KLH. This new BB-MF is intended to support Stellar's KLH customers who file applications under the CBER division, thus expanding applicability of the Company's KLH for broader uses.

p) On April 4, 2013, the Company announced that it closed a non-brokered private placement and issued 3,260,000 units at a purchase price of CDN$0.50 per unit for gross proceeds of $1,605,877 (CDN$1,630,000). Each unit consists of one common share in the capital of the Company and one-half transferable share purchase warrant, each whole warrant entitling the holder to purchase one additional common share in the capital of the Company on or before October 2, 2014, at a purchase price of CDN$0.75 per share. In connection with the private placement, the Company paid finder's fees to Arm's length parties consisting of $50,245 in cash and non-transferable options exercisable into 102,000 units in the capital of the Company on or before October 2, 2014 at a price of CDN$0.50 per unit, each unit having the same terms as the units issued in the private placement. All securities issued by the Company pursuant to the private placement are subject to a hold period of four months and one day and cannot be resold until August 4, 2013.

q) On April 30, the Company announced publication of expert review article on Clostridium difficile (C. difficile) co-authored by scientists from the Company, University of Arizona and University of Guelph. The article describes biochemical characteristics of C. difficile that support University of Guelph's carbohydrate-based vaccine approach to potential treatment using Stellar KLH as a carrier/adjuvant. The article also recaps the team's preclinical work demonstrating PSII/KLH conjugation, vaccine immunogenicity and KLH as an adjuvant to stimulate intestinal immunity.

r) On May 14, 2013, the Company announced it granted 560,000 stock options exercisable at CDN$0.58 for a period of seven years under the Company's Share Option Plan.

s) On May 23, 2013, the Company announced it granted 100,000 stock options exercisable at CDN$0.58 for a period of seven years under the Company's Share Option Plan.

t) On May 28, 2013, the Company announced its presentation at the annual 2013 National Science Foundation Conference highlighting the Company's achievements in developing methods related to the sustainable cultivation of the ocean mollusk that is the sole source for KLH, including systems and processes that protect and sustain multiple generations of the Giant Keyhole Limpet in land-based aquaculture.

u) On June 21, 2013, the Company announced the resignation of Darrell Brookstein from the Company's Board of Directors and his role as Executive VP, Corporate Development and Finance to pursue personal and outside business commitments.

v) On July 17, 2013, the Company announced the appointment of Kathi Niffenegger, CPA, to the position of Corporate Secretary for the Company.

w) On July 24, 2013, the Company announced that a preclinical abstract on KLH-conjugate vaccine for Clostridium difficile infection ("C. diff") has been accepted for oral presentation at the 8th International Conference on the Molecular Biology and Pathogenesis of the Clostridia (ClostPath 8). The abstract highlights data as a result of preclinical research that suggest that a PSII polysaccharide conjugated to Keyhole Limpet Hemocyanin (KLH) may be effective in stimulating immunity against Clostridium difficile infection.

Liquidity and Capital Resources

The Company had a cash position on May 31, 2013 of $1,788,684 (August 31, 2012 - $998,998) and working capital of $1,491,282 (August 31, 2012 - $486,019).

During the nine months ended May 31, 2013, the Company received $3,115,875 gross proceeds under private placements. Subsequent to May 31, 2013, the Company also issued 380,000 shares upon exercise of warrants for gross proceeds of CDN$238,800. During the nine months ended May 31, 2012, the Company issued 2,318,600 shares upon the exercise of warrants for gross proceeds of $830,716.

The Company has incurred significant losses and has an accumulated deficit of $15,898,832 as at May 31, 2013 (August 31, 2012 - $10,317,513).

In the past, the Company financed its cash requirements primarily through a combination of commercial sales, contract income, grant revenues and equity private placements.

The Company expects to finance its future expenditures through revenues from commercial sales, contract income, grant revenues, and by using cash from private placements. The Company is confident that it will achieve these revenues and cash flows, however, these events are dependent upon certain factors outside of the Company's control. If not achieved, the Company may be required to obtain additional financing or curtail its development activities and operations.

Results of Operations

For the Nine Months Ended May 31, 2013

The Company had a net loss of $5,581,319 for the nine months ended May 31, 2013 as compared to net loss of $3,485,774 for May 31, 2012. This was an increased loss of $2,209,545 over the prior period which can be mainly attributed to:

- As a result of having exercise prices denominated in other than the Company's functional currency, the Company's warrants meet the definition of derivatives and are therefore classified as derivative liabilities measured at fair value with adjustments to fair value recognized through the consolidated statements of loss and comprehensive loss. Fair values are based on Black-Scholes option pricing model. During the nine months ended May 31, 2013, there was a loss on fair value of warrant liability of $2,981,740, while the same period in 2012 had a gain on fair value of warrant liability of $1,219,720 for a net fluctuation of $4,201,460 additional loss. The loss in the current period is a reflection of the Company's share price increasing from August 31, 2012 to May 31, 2013, while the gain in the prior period was caused by share price decreasing from August 31, 2011 to May 31, 2012.

- Share-based payments of $521,987 for the nine months ended May 31, 2013 (2012 - $1,394,097) partially due to timing of granting stock options during the current nine month period compared to the prior period. Additionally, share based-payments are recorded for performance shares over the vesting period and all had vested by August 31, 2012.

- Salaries, wages and benefits of $554,882 for the nine months ended May 31, 2013 (2012 - $974,593) due to efforts to reduce operating costs through voluntary salary reductions and reductions in personnel.

- Research and development of $684,662 for the nine months ended May 31, 2013 (2012 - $1,219,987) due to timing of research and development activity, particularly outside contracts, and efforts to reduce operating costs.

- Legal, consulting and professional services of $218,560 for the nine months ended May 31, 2013 (2012 - $463,597) due to efforts to reduce operating costs through reductions in outside contracted services.

- Loss recovery of $Nil during the nine months ended May 31, 2013 (2012 – $105,000) due to recovery of the value of KLH which had been damaged by vendor in the prior period.

For the Three Months Ended May 31, 2013

The Company had a net loss of $1,171,537 for the three months ended May 31, 2013 as compared to net loss of $1,404,813 for May 31, 2012. This was a decreased loss of $233,276 over the prior period which can be mainly attributed to:

- As a result of having exercise prices denominated in other than the Company's functional currency, the Company's warrants meet the definition of derivatives and are therefore classified as derivative liabilities measured at fair value with adjustments to fair value recognized through the consolidated statements of loss and comprehensive loss. Fair values are based on Black-Scholes option pricing model. During the three months ended May 31, 2013, there was a loss on fair value of warrant liability of $353,119, while the same period in 2012 had a gain on fair value of warrant liability of $244,568. The loss in the current period is a reflection of the Company's share price increasing from February 28, 2013 to May 31, 2013, while the gain in the prior period was caused by share price decreasing from February 29, 2012 to May 31, 2012.

- Share-based payments of $201,298 for the three months ended May 31, 2013 (2012 - $598,181) partially due to timing of granting stock options during the current three month period compared to the prior period. Additionally, share based-payments are recorded for performance shares over the vesting period and all had vested by August 31, 2012.

- Salaries, wages and benefits of $198,720 for the three months ended May 31, 2013 (2012 - $297,280) due to efforts to reduce operating costs through voluntary salary reductions and reductions in personnel.

- Research and development of $178,202 for the three months ended May 31, 2013 (2012 - $332,184) due to timing of research and development activity, particularly outside contracts, and efforts to reduce operating costs.

- Legal, consulting and professional services of $43,297 for the three months ended May 31, 2013 (2012 - $164,358) due to efforts to reduce operating costs through reductions in outside contracted services.

Summary of Quarterly Results (prepared under IFRS)

The table below presents selected financial data for the Company's most recently completed quarters.

(In $000's except per share data)

	For the Years Ended August 31,							
	2013			2012				2011
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial results								
Revenues	$ 73	$ 61	$ 116	$ 50	$ 43	$ 58	$ 135	$ 40
Net income (loss) for period	(1,171)	(3,644)	(766)	(1,711)	(1,405)	(1,124)	(957)	459
Income (loss) per share	(0.02)	(0.07)	(0.02)	(0.03)	(0.03)	(0.03)	(0.02)	0.01
Statement of Financial Position data								
Cash and cash equivalents	1,789	922	1,632	999	1,954	2,945	4,075	4,145
Assets	2,234	1,401	2,160	1,544	2,506	3,472	4,824	4,751
Shareholders' equity (deficit)	(3,117)	(3,196)	684	852	2,021	2,800	3,685	3,064

During the period ended February 28, 2013, the Company recorded a loss on change in fair value of warrant liability of $2,767,283.

During the period ended August 31, 2011, the Company recorded a gain on change in fair value of warrant liability of $1,798,473.

Transactions with Related Parties

For the nine months ended May 31, 2013, the Company had the following transactions with key management personnel:

	Salary and Benefits	Consulting	Director Fees	Professional Fees	Accounts Payable
Frank Oakes - Director & Officer	$ 41,400	$ -	$ -	$ -	$ 58
Dorothy Oakes - Relative of Director & Officer	63,460	-	-	-	-
Daniel Morse - Director	-	11,325	2,350	-	-
David Hill - Director	-	-	2,350	-	-
Mayank (Mike) Sampat - Director	-	-	2,350	-	-
Greg Baxter - Director	-	-	2,350	-	-
Darrell Brookstein - Former Director & Officer	41,575	-	-	-	97
Malcolm Gefter – Former Director	-	3,000	-	-	-
Scott Davis - Officer	-	-	-	40,451	-
Herb Chow - Officer	124,105	-	-	-	-
Catherine Brisson - Officer	120,875	-	-	-	-
John Sundsmo – Former Officer	63,628	-	-	-	-
	$ 455,043	$ 14,325	$ 9,400	$ 40,451	$ 155

For the nine months ended May 31, 2012, the Company had the following transactions key management personnel:

	Salary and Benefits	Consulting	Director Fees	Professional Fees	Accounts Payable
Frank Oakes - Director & Officer	$ 201,495	$ -	$ 8,500	$ -	$ -
Dorothy Oakes - Relative of Director & Officer	76,170	-	-	-	-
Daniel Morse - Director & Officer	16,667	35,383	5,000	-	13,800
David Hill - Director	-	-	13,500	-	-
Darrell Brookstein - Former Director & Officer	209,841	-	5,000	-	-
Malcolm Gefter - Former Director	-	9,000	5,330	-	-
Harvey Wright - Former Director	-	-	350	-	-
Scott Davis - Officer	-	-	-	48,626	-
Herb Chow – Officer	118,960	-	-	-	-
Catherine Brisson – Officer	103,648	-	-	-	-
John Sundsmo – Former Officer	109,476	-	-	-	-
	$ 836,257	$ 44,383	$ 37,680	$ 48,626	$ 13,800

The share-based payments to directors, family members of directors, former directors and officers of the Company during the nine months ended May 31, 2013 were $320,972 (2012 - $1,238,347). Share-based payments are the vested fair value of the options granted plus the vested value of performance shares.

On August 14, 2002, the Company entered into an agreement to pay royalties to an officer in exchange for assignment of patent rights to the Company. The royalty is 5% of gross receipts in excess of $500,000 annually from products using this invention. The Company's current operations utilize this invention. The royalties for the nine months ending May 31, 2013 were $Nil (2012 - $Nil).

Commitments

The Company leases three buildings and facilities under sublease agreements with the Port Hueneme Surplus Property Authority. On September 1, 2010, the Company exercised its option to extend the three buildings and facilities sublease agreements. The Company has an option to extend the lease for another five years.

The Company also leases office facilities effective July 1, 2011 for a term of three years with the option to extend for an additional two years. The Company must also pay a portion of the common area maintenance.

Future minimum lease payments as at May 31, 2013 are as follows:

	May 31, 2013	August 31, 2012
For The Year Ending August 31,		
2013	**$ 38,495**	$ 148,531
2014	**143,735**	139,238
2015	**89,349**	84,852
2016	**14,892**	14,142
	$ 286,471	$ 386,763

Rent expense on these lease agreements for the nine months ended May 31, 2013 was $133,436 (2012 - $128,376).

The Company has purchase order commitments totalling approximately $72,000 at May 31, 2013, for contracts and consultants (August 31, 2012 - $157,000).

The Company has commitments under certain supply agreements with customers for fixed prices per gram on a non-exclusive basis except within that customer's field of use. Two of the agreements automatically renew each January unless terminated in writing by either party. One agreement has a term through June 2013 which was not subsequently extended.

Investor Relations

Beginning in January 2012, the Company contracted the services of TheBiotechPanel, Inc., an investor relations provider specializing in financial and investor relations and communications focused on Europe. The term of the agreement was for six months, however it was discontinued in March 2012. The Company contracted the services of an investor relations firm, MZHCI, beginning October 2012 for a six month term which has been extended monthly.

New Accounting Policies

A number of new standards, amendments to standards and interpretations are effective in future years. The Company does not expect to adopt any of these standards before their effective dates and they have not been applied in preparing these condensed interim consolidated financial statements. New standards effective for annual periods beginning on or after January 1, 2013, include IFRS *10 Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IFRS 13 *Fair Value Measurement*, and amendments to IFRS 7 *Financial Instruments: Disclosure*, IAS 19 *Employee Benefits*, IAS 27 *Separate Financial Statements*, and IAS 28 *Investments in Associates and Joint Ventures*. Amendments to IAS 32 *Financial Instruments: Presentation* are effective for annual periods beginning on or after January 1, 2014. IFRS 9 *Financial Instruments* is effective for annual periods beginning after January 1, 2015. The Company continues to evaluate the impact of these standards on its accounting policies and consolidated financial statements. The extent of the effects of the new accounting standards on the consolidated financial statements has not been determined.

Amendments to IAS 12 *Income Taxes* and IAS 1 *Financial Statement Presentation* are effective for the year ending August 31, 2013. Implementation of these amendments is not expected to have a significant effect on the consolidated financial statements of the Company.

Financial Instruments and Risks

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, foreign exchange risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at May 31, 2013, the Company does not have any debt and is not subject to externally imposed capital requirements.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate as a result in market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions included in the Company's cash and cash equivalents are subject to a floating rate of interest. The interest rate risks on cash are not considered significant.

Foreign Exchange Risk

The Company incurs operating expenses and capital expenditures mostly in US dollars, with some operating expenses incurred in Canadian dollars which are subject to foreign currency fluctuations. The fluctuation of the US dollar in relation to Canadian dollars will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At May 31, 2013, the US dollar was equal to 1.03381 Canadian dollars. The currency risk is considered to be insignificant.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, cash equivalents and amounts receivable. Management's assessment of the Company's credit risk for cash and cash equivalents is low as cash and cash equivalents are held in financial institutions believed to be credit worthy. The Company limits its exposure to credit loss by placing its cash with major financial institutions and invests only in short-term obligations.

Approximately 83% of the Company's commercial sales and contract income during the nine months ended May 31, 2013 were from two customers (2012 - 93% from two customers). All of the grant revenue during the nine months ended May 31, 2013 was received from NSF (2012 - 100% from NSF).

Approximately 83% of the Company's amounts receivables at May 31, 2013, were from three customers (August 31, 2012 - 77% from three customers), Nil% were from the NSF grants (August 31, 2012 - Nil) and 17% from GST refund (August 31, 2012 - 15%).

While the Company is exposed to credit losses due to the non-performance of its counterparties, the Company considers the risk of this remote. The Company estimates its maximum credit risk for amounts receivable at the amount recorded on the statement of financial position.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at May 31, 2013, the Company had a cash and cash equivalents balance of $1,788,684 (August 31, 2012 - $998,998) to settle current liabilities of $339,267 (August 31, 2012 - $562,131).

Fair Value

The fair value of the Company's financial instruments is believed to equal the carrying amounts due to the short terms to maturity.

Fair value measurement disclosures include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's fair value of cash and cash equivalents under the fair value hierarchy is measured using Level 1 inputs and fair value of the warrant liability is measured using Level 2 inputs.

Risks and Uncertainties

Before making an investment decision with respect to the Company's common shares, investors should carefully consider the following risk factors, in addition to the other information included or incorporated by reference into the condensed interim consolidated financial statements for the nine months ended May 31, 2013.

The primary risks that may affect the Company during this fiscal year are summarized below. If any of the following risks occur, the Company's business, results of operations or financial condition could be materially adversely affected:

- The Company expects to continue to experience losses as a result of its ongoing research. It is difficult to estimate the timing and future costs of its research and development programs.

- The Company does not currently have backup manufacturing capacity for some of its key products.
- The loss of a key supplier of certain raw materials could have a material adverse effect on the Company's business and financial condition.
- The Company may not achieve its projected development goals in the timeframes it announces and expects.
- Rapid technological change could make the Company's products obsolete.
- The Company faces uncertainties related to regulatory approval which could result in delays in product commercialization in certain territories.
- Even if the Company obtains marketing approval, its products will be subject to ongoing regulatory review.
- The Company's products, if approved, may fail to achieve market acceptance.
- Development of drugs can be costly and require years of research and development activities.
- If the Company cannot raise additional capital on acceptable terms, it may delay or be unable to pursue further development of its product portfolio, obtain regulatory approvals or commercialize its product candidates.
- If the Company is unable to protect its intellectual property rights, its competitors may develop and market products with similar features that may reduce demand for its products and the effective commercialization of its products may be inhibited.
- The Company may become involved in lawsuits with respect to collaborations or protection or enforcement of its patents that would be expensive and time consuming.
- If third-party manufacturers of the Company's products fail to devote sufficient time and resources to its concerns, or if their performance is substandard, clinical trials and product introductions may be delayed and its costs may rise.
- The Company may not be able to manufacture its products in commercial quantities, which would prevent it from marketing its products.
- The Company may not be able to successfully achieve its goals.
- The Company has international partners that expose it to additional business risks.
- The Company may incur losses associated with foreign currency fluctuations.
- The Company is subject to the risk of product liability claims, for which it may not have, or be able to obtain, adequate insurance coverage.
- Future sales of common shares by the Company or its existing shareholders may cause its share price to fall.
- The Company has never paid dividends on its common shares, and it does not anticipate paying cash dividends in the foreseeable future.

Management's Responsibility for Financial Statements

The information provided in this report, including the condensed interim consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying condensed interim consolidated financial statements.

Internal Controls Over Financial Reporting

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Lack of optimal segregation of duties has been observed due to the relatively small size of the Company, but management believes that these weaknesses have been adequately mitigated through management and director oversight.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting and internal

control matters before the consolidated financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of Stellar has approved the condensed interim consolidated financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Other MD&A Requirements

Additional information is available on the Company's website at www.stellarbiotechnologies.com or on SEDAR at www.SEDAR.com.

Forward Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to our company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued research and development of our products. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

The Company does not believe it has any significant forward-looking information to report as at July 25, 2013.

Outstanding Shares, Warrants and Stock Options

As at July 25, 2013, the Company had the following outstanding:

- 55,151,961 common shares
- Warrants:

CDN Exercise Price	Number of Warrants	Expiry Date	
$0.71	5,773,000	November 14, 2013	
$0.75	1,630,000	October 2, 2014	
$0.50	102,000	October 2, 2014	Agent options
$0.40	4,000,000	October 25, 2015	
$0.25	400,000	October 25, 2015	Agent options
$0.40	1,898,400	January 4, 2016	
$0.25	97,200	January 4, 2016	Agent options
	13,900,600		

- Stock options:

CDN Exercise Price	Number of Options	Expiry Date
$0.25	250,000	October 23, 2015
$0.28	2,265,000	April 9, 2017
$0.25	55,000	May 17, 2017
$0.28	70,000	June 17, 2017
$0.28	20,000	June 28, 2017
$0.28	70,000	July 13, 2017
$0.64	70,000	October 25, 2017
$1.00	60,000	February 10, 2018
$0.65	1,306,267	August 8, 2018
$0.50	5,000	September 26, 2018
$0.40	76,667	December 22, 2018
$0.42	1,667	February 16, 2019
$0.42	1,114,267	April 13, 2019
$0.42	50,000	April 26, 2019
$0.29	90,000	June 18, 2019
$0.37	150,000	August 9, 2012
$0.37	150,000	August 16, 2019
$0.25	75,000	October 23, 2019
$0.25	215,000	December 19, 2019
$0.58	560,000	May 14, 2020
$0.58	100,000	May 23, 2020

	6,753,868

Contingencies

There are no contingent liabilities.

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

CORPORATE DATA
July 25, 2013

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Frank Oakes	President, CEO and Director
Daniel E. Morse, Ph.D	Director
David L. Hill, Ph.D	Director
Mayank (Mike) Sampat	Director
Gregory Baxter, Ph.D	Director
Scott Davis	Chief Financial Officer
Kathi Niffenegger, CPA	Corporate Secretary
Herbert S. Chow, Ph.D	Chief Technology Officer
Catherine Brisson, Ph.D	Chief Pharmaceutical Officer

LISTING

TSX Venture Exchange
Trading Symbol: KLH
CUSIP #: 85855A104

Trading Symbol in US
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Form 52-109FV2
Certification of Interim Filings
Venture Issuer Basic Certificate

I, Frank R. Oakes, Chief Executive Officer, Stellar Biotechnologies, Inc. certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Stellar Biotechnologies, Inc. (the "issuer") for the interim period ended May 31, 2013.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: July 26, 2013.

"Frank R. Oakes"

FRANK R. OAKES
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52 109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Form 52-109FV2
Certification of Interim Filings
Venture Issuer Basic Certificate

I, Scott Davis, Chief Financial Officer, Stellar Biotechnologies, Inc. certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Stellar Biotechnologies, Inc. (the "issuer") for the interim period ended May 31, 2013.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: July 26, 2013.

"Scott Davis"

SCOTT DAVIS
Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52 109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.