CANSTAR RESOURCES INC.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

IN RESPECT OF THE REVERSE TAKEOVER TRANSACTION INVOLVING THE ACQUISITION OF ADVENTUS NEWFOUNDLAND CORPORATION AND CERTAIN NEWFOUNDLAND PROPERTIES.

SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JULY 30, 2018

*Neither the TSX Venture Exchange Inc. (the "*Exchange*") nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this information circular.*

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INFORMATION CIRCULAR

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Information Circular contains "forward-looking information" within the meaning of applicable Canadian securities laws and which is prospective in nature. Forward-looking information by its nature requires an issuer to make assumptions and is subject to inherent risks and uncertainties. Generally, but not always, forward-looking information is identifiable by use of the words "continue", "expect", "anticipate", "estimate", "forecast", "believe", "intend", "schedule", "budget", "plan" or "project", or the negative or other variations of these words or comparable terminology, or states that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. In this Information Circular, forward-looking information includes, but is not limited to, statements about future financial and operating performance, strategic plans, future operations, cost estimates, realization of mineral resources, results of exploration, future work programs, capital expenditures and objectives, evolution and economic performance of development projects, timing of exploration and development projects, costs, timing and location of future drilling, timing exploration budgets and targets, continuity of favourable gold and other metals markets, contractual commitments, environmental and reclamation expenses, continuous availability of required manpower, continuous access to capital markets, the anticipated use of funds by Canstar as the Resulting Issuer (defined below). **Certain sections of this Information Circular present forward-looking information which assumes that Canstar, Adventus and Altius will complete the Transaction (defined below). Despite this assumption presented in the forward-looking information, there can be no assurance that Canstar, Adventus and Altius will complete the Transaction**.

In connection with such forward-looking information, Canstar, Adventus and Altius have made certain assumptions about Canstar as the Resulting Issuer's business, the economy and the mineral exploration industry in general and have also assumed that contracted parties provide goods and services on agreed timeframes, plant and equipment work as anticipated, required regulatory approvals, including of the Exchange, are received, all required permits or licenses are obtained and/or renewed, no unusual geological or technical problems occur, no material adverse change in the price of gold and other metals occurs and no significant events occur outside of the normal course of business for Canstar, Adventus, Altius or Canstar as the Resulting Issuer.

Readers are cautioned not to place undue reliance on the forward-looking information in this Information Circular, because a number of factors, known and unknown, could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information. There can be no assurance that forward-looking information will prove to be accurate. The following, among other things, are material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information in this Information Circular: the inability of Canstar, Adventus and Altius to meet the conditions necessary to complete the Transaction, the inability of Canstar, Adventus or Altius to obtain, renew or comply with all required permits and licences, risks normally incidental to exploration and development of mineral properties, uncertainties in the interpretation of drill results, the possibility that future exploration, development or mining results will not be consistent with expectations, changes in governmental regulation adverse to Canstar as the Resulting Issuer, environmental risks, economic uncertainties, the inability of Canstar as the Resulting Issuer to obtain additional financing when and as needed, dependence on a small number of key personnel, competition from other mining businesses, the future prices of mineral resources and commodities, fluctuation in currency exchange rates and title defects and other related matters. Although Canstar, Adventus and Altius have attempted to identify material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information, there may be other factors that could cause results to differ from what is anticipated, estimated or intended. Those factors are described or referred to below in this Information Circular under "*PART IV – RISK* FACTORS" and elsewhere herein.

All forward-looking information contained in this Information Circular is given as of the date of the Information Circular unless indicated otherwise. Except as required under Applicable Laws, neither Canstar, Adventus nor Altius undertakes any obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.

GLOSSARY

Unless the context otherwise provides, the following terms used in this Information Circular have the meanings ascribed to them as set forth below.

"**Adventus**" has the meaning ascribed thereto in section titled "*Summary Of Information Circular – Parties*" hereof;

"**Adventus Entities**" means Adventus and / or Adventus Newfoundland as the context requires;

"**Adventus Newfoundland**" means Adventus Newfoundland Corporation, a wholly owned subsidiary of Adventus;

"**Adventus Newfoundland Properties**" means mineral interest in Buchans, Katie and La Poile mineral projects located in the Province of Newfoundland and Labrador, Canada as set out in the Transaction Agreements;

"**Affiliate**" means an Entity that is affiliated with another Entity as described below:

An Entity is an "Affiliate" of another Entity if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same person.

An Entity is "controlled" by a Person if:

(a) voting securities of the Entity are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Entity.

A Person beneficially owns securities that are beneficially owned by:

(a) an Entity controlled by that Person, or

(b) an Affiliate of that Person or an Affiliate of any Entity controlled by that Person;

"**Altius**" has the meaning ascribed thereto in section titled "*Summary Of Information Circular – Parties*" hereof;

"**Applicable Laws**" means with respect to any person, all laws, statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, guidelines, notices, directions (including Applicable Securities Laws), and terms and conditions of any grant of approval, permission, authority or license of any court, governmental authority, statutory body or self-regulatory authority, in each case, that is binding upon or applicable to such person, as amended unless expressly specified otherwise;

"**Applicable Securities Laws**" means, as applicable, the securities laws, regulations, rules, rulings and orders in each of the provinces of Canada, the applicable policy statements issued by the securities regulators in each of the provinces and territories of Canada, and the rules of the TSXV, and, if any of the securities of Canstar as the Resulting Issuer, are sold to a US person, the securities laws of the Unites States of America, including *United States Securities Act of 1933*.

"**Arm's Length Transaction**" means a transaction which is not a Related Party Transaction;

"**Associate**" when used to indicate a relationship with a Person, means

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the Person,

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,

(d) in the case of a Person, a relative of that Person, including

  (i) that Person's spouse or child, or

  (ii) any relative of the Person or of his spouse who has the same residence as that Person;

(e) where the TSXV determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

"**Audit Committee**" means the audit committee of the Board;

"**Beneficial Shareholders**" means a Shareholder who holds their Canstar Shares through a broker, intermediary, trustee or other person, or who otherwise does not hold their Common Shares in their own name;

"**Board**" or "**Board of Directors**" depending on the context, means the board of directors of Canstar or the Resulting Issuer as the case may be;

"**Business Day**" means any day other than a Saturday, Sunday or statutory or civic holiday in Toronto, Ontario on which banks in Toronto, Ontario are open for business and are not required to be closed;

"**Canstar**" has the meaning ascribed thereto in section titled "*Summary Of Information Circular – Parties*" hereof;

"**Canstar Material Adverse Effect**" means any change, effect, event or occurrence that, individually or taken together with any other change, effect, event or occurrence, is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, capitalization or business of Canstar, or would reasonably be expected to prevent, materially delay or materially impair the ability of Canstar to consummate the transactions contemplated by the Transaction Agreements; provided, however, that a Canstar Material Adverse Effect shall not include an adverse change or adverse effect resulting from a change, effect, event or occurrence: (i) which arises out of or in connection with a matter that has been publicly disclosed or otherwise disclosed in writing to Canstar or its representatives by Canstar or its representatives prior to the date of the Transaction Agreements; (ii) resulting from conditions affecting the mineral exploration, exploitation, development and production industry as whole; (iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada; (iv) resulting from any change in IFRS; (v) resulting from any changes or effects arising from matters permitted or contemplated by this Information Circular or consented to or approved in writing by Canstar; or (vi) resulting from any natural disaster or acts or war, terrorism or armed hostilities, unless, with respect to clauses (ii), (iii), (iv) and (vi) such matter has a materially disproportionate effect on Canstar relative to comparable entities operating in the industries in which Canstar operates;

"**Canstar Post-Consolidation Share**" means a common share of Canstar that will be issued following completion of the Consolidation on the basis of one Canstar Post-Consolidation Share for each five (5) pre-consolidation Canstar Shares;

"**Canstar Shares**" means common shares in the capital of Canstar, prior to giving effect to the Consolidation, if any;

"**Canstar Shareholder Transaction Resolution**" means the resolution to approve the Transaction, on which the Canstar Shareholders will be asked to vote at the Meeting and the text of which is provided in section titled "*PART II – MATTERS TO BE ACTED UPON AT THE MEETING – Approval of the Transaction*" of this Circular;

"**Circular**" and "**Information Circular**" mean this management information circular, dated June 20, 2018;

"**Closing Date**" means such date upon which Canster, Adventus and Altius complete the Transaction following satisfaction of all conditions precedent as set out in the Transaction Agreements, including the receipt of the shareholder and TSXV approval of the Transaction;

"**Common Share**" means either a Canstar Share or a Canstar Post-Consolidation Share, as the context requires;

"**Company**" or "**Corporation**" means Canstar Resources Inc.;

"**Consolidation**" means the consolidation of the common shares of Canstar on the basis of five (5) pre-consolidation Canstar Shares for one (1) post-consolidation Canstar Post-Consolidation Share;

"**Control Person**" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**Daniel's Harbour Project**" means the certain mining claims and leases located in the Province of Newfoundland and Labrador, as described more fully in the Transaction Agreements;

"**Director**" means the Director appointed under section 278 of the OBCA;

"**Entity**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Effective Time**" means the time on the Closing Date when the Transaction will be deemed to be completed pursuant to the terms of the Transaction Agreements and upon receipt of requisite shareholder and regulatory approvals;

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange Inc.;

"**Exchange Approval**" means conditional approval of the Transaction, and the transactions contemplated under the Transaction Agreements;

"**Exchange Policy 2.2**" means Exchange Policy 2.2 - "*Sponsorship and Sponsorship Requirements*" of the Exchange's Corporate Finance Manual;

"**Exchange Policy 5.2**" means Exchange Policy 5.2 - "*Change of Business and Reverse Takeovers*" of the Exchange's Corporate Finance Manual;

"**Exchange Policy 5.4**" means Exchange Policy 2.2 - "Escrow, Vendor Consideration and Resale Restrictions" of the Exchange's Corporate Finance Manual;

"**Final Exchange Bulletin**" means the bulletin which is issued by the TSXV following the closing of the Transaction and the submission of all documents required by TSXV Policy 5.2, which evidences the final TSXV acceptance of the Transaction.

"**Finders' Warrants**" has the meaning assigned to it in section tiled "*Part III – Information Concerning The Transaction - Concurrent Financing*" hereof;

"Flow-Through Subscription Receipt" means a subscription receipt of Canstar issued pursuant to the Private Placement and which will be deemed upon the completion of the Transaction converted at no additional cost to the Holder of the Flow-Through Subscription Receipt into a Canstar Share issued on a flow-through basis;

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer;
(b) a director or senior officer of the Entity that is an Insider or subsidiary of the issuer;
(c) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
(d) the issuer itself if it holds any of its own securities;

"**MD&A**" means Management's Discussion and Analysis;

"**NI 43-101**" means National Instrument 43-101 –*Standards of Disclosure for Mineral Projects*, as amended;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*;

"Non-Flow-Through Subscription Receipt" means a subscription receipt of Canstar issued pursuant to the Private Placement and which will be deemed upon the completion of the Transaction converted at no additional cost to the holder of the Non-Flow-Through Subscription Receipt into a Canstar Share issued on a non-flow-through basis;

“**OBCA**” means the *Business Corporations Act* (Ontario), as the same has been and may hereafter from time to time be amended;

“**Person**” means an Entity or an individual;

“**Private Placement**” means private placement of 12,500,000 Flow-Through Subscription Receipts at $0.08 per Flow-Through Subscription Receipt and of 8,333,699 Non-Flow-Through Subscription Receipts at $0.06 per Non-Flow-Through Subscription Receipt for the gross proceeds of $ 1,500,021 that was completed on April 17, 2018;

“**Record Date”** means the record date to received notice of, and to vote at, the Meeting or any adjournments or postponements thereof. The Record Date is June 15 2018.

“**Related Party Transaction**” has the meaning ascribed to such term in Exchange Policy 5.9 - “*Protection of Minority Security Holders in Special Transactions”* and includes a related party transaction that is deemed by the Exchange to be a Related Party Transaction. The TSXV may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arm’s Length Parties, or other circumstances exist which may compromise the independence of the issuer with respect to the transaction;

“**Resulting Issuer**” means Canstar upon completion of the Transaction, and as described in this Information Circular, the Resulting Issuer will be a mineral exploration company and remain named “Canstar Resources Inc.”;

“**Resulting Issuer Options**” means options to acquire Resulting Issuer Shares;

“**Resulting Issuer Shares**” means common shares in the capital of the Resulting Issuer;

“**Resulting Issuer Warrants**” means warrants to acquire Resulting Issuer Shares;

“**RTO**” means ‘reverse take-over’ as that term is defined in the RTO Policy;

“**RTO Policy**” means TSXV Policy 5.2 – *Changes of Business and Reverse Takeovers*;

“**SEDAR**” means System for Electronic Document Analysis and Retrieval and located on the Internet at www.sedar.com;

“**Shareholder**” means a holder of common shares of Canstar Resources Inc.;

“**Special Resolution**” means a resolution passed by 66 2/3 % of the votes cast at a meeting of Canstar Shareholders;

“**Subscription Receipts**” means Non-Flow-Through Subscription Receipt and Flow-Through Subscription Receipt issued pursuant to the Private Placement;

“**Surplus Security Escrow Agreement**” has the meaning ascribed thereto in section titled “*Part VIII – Information Concerning the Resulting Issuer – Escrowed Securities*”;

“**Surplus Securities Shares**” has the meaning ascribed thereto in section titled “*Part VIII – Information Concerning the Resulting Issuer – Escrowed Securities*”;

“**Technical Report**” means the NI 43-101 technical report on the Mary March and Buchans properties entitled “Technical Report On The Buchans and Mary March Project Areas, Buchans Camp, Newfoundland and Labrador, Canada” prepared for Canstar by Peter Webster, P. Geo., of Mercator Geological Services Limited and with effective date of April 23, 2018.

“**Transaction**” means the transaction pursuant to which Canstar will acquire: i) all of the issued and outstanding common shares of Adventus Newfoundland, which holds a 100% interest in Adventus Newfoundland Properties in exchange for the issuance to Adventus of 86,681,695 Canstar Shares; and ii) Daniel's Harbour Project from Altius in exchange for the issuance to Altius, or as directed by Altius of 12,095,120 Canstar Shares at a deemed price of $0.06 per Canstar Share and the grant of a 2% net smelter royalty on production from the Daniel's Harbour Project in favour of Altius on such terms as set out in the Transaction Agreements;

"**Transaction Agreements**" means the share exchange agreement and a purchase agreement both dated February 20, 2018 between Canstar Resources Inc., Adventus Zinc Corporation, Adventus Newfoundland Corporation and Altius Resources Inc. setting out the terms of the Transaction and made available on Canstar's SEDAR profile;

"**U.S. Person**" has the meaning given to such term in Rule 902(k) of Regulation S under the *United States Securities Act of 1933*, as amended;

"**Value Security Escrow Agreement**" has the meaning ascribed thereto in section titled "*Part VIII – Information Concerning the Resulting Issuer – Escrowed Securitie*s";

"**Value Securities Shares**" has the meaning ascribed thereto in section titled "*Part VIII – Information Concerning the Resulting Issuer – Escrowed Securitie*s".

Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

Unless otherwise stated, all dollar amounts in this Circular are in Canadian dollars.

canstar resources inc.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares of Canstar Resources Inc. (the "**Company**") will be held at 56 Temperance Street, Suite 1000, Toronto, Ontario M5H 3V5, on July 30, 2018 at 11:00 am (Eastern Standard Time) for the purpose of:

1. the approval of the acquisition of all issued and outstanding shares of Adventus Newfoundland Corporation, a wholly owned subsidiary of Adventus Zinc Corporation and of certain mining claims and leases located in the Province of Newfoundland and Labrador from Altius Resources Inc. (the "**Transaction**") on the terms more fully set out in the management information circular of the Company dated June 20, 2018 (the "**Circular**");
2. passing a special resolution authorizing and approving a consolidation of the Company's issued and outstanding common shares of the Company ("**Common Share**s") on the basis of five (5) pre-consolidation Common Shares for one (1) post-consolidation Common Share (the "**Share Consolidation**");
3. transacting such further and other business as may properly come before the Meeting or any adjournment thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the Circular. To be approved, the approval of the Transaction is required to be passed by an "ordinary resolution", being a majority of the votes cast by Shareholders who voted in respect of that resolution at the Meeting. To be approved, the Share Consolidation requires to be passed by a "special resolution", being two thirds of the votes cast by Shareholders who voted in respect of that resolution at the Meeting.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is June 15, 2018 (the "**Record Date**"). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

A Shareholder wishing to be represented by proxy at the meeting or any adjournment thereof must deposit his/her/its duly executed form of proxy with the Company's transfer agent and registrar, TSX Trust Company ("**TSX Trust**"), at Suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1 not later than 11:00 a.m. (Toronto time) on July 18, 2018 or, if the meeting is adjourned, not later than 48 hours, excluding weekends and statutory holidays in the City of Toronto, Ontario, preceding the time of such adjourned meeting. Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the form of proxy so that as large a representation as possible may be had at the Meeting.

Notice-and-Access

The Company is utilizing the notice-and-access mechanism (the "**Notice-and-Access Provisions**") that came into effect on February 11, 2013 under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting materials to registered and beneficial Shareholders.

Website Where Meeting Materials are Posted
The Notice-and-Access Provisions are a set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to Shareholders. The Company will not use procedures known as "stratification" in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Circular to some Shareholders with this notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Circular.

Obtaining Paper Copies of Materials
The Company anticipates that using notice-and-access for delivery to all Shareholders will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials. Shareholders with questions about notice-and-access can call the Company's transfer agent, TSX Trust, toll-free at 1-866-600-5869 or email TMXEInvestorServices@tmx.com. Shareholders may also obtain paper copies of the Circular free of charge by contacting the Company's Corporate Secretary toll free at 1.866.936.6766. A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Company or TSX Trust, as applicable, by July 20, 2018 in order to allow sufficient time for Shareholders to receive the paper copies and to return their proxies or voting instruction forms to intermediaries not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof (the "**Proxy Deadline**"). Any requests for paper copies received by the Company after July 20, 2018 will be delivered to Shareholders in accordance with applicable securities law.

Voting
All Shareholders are invited to attend the Meeting and may attend in person or may be represented by proxy. A "beneficial" or "non-registered" Shareholder will not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his/her/its broker; however, a beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the common shares in that capacity. Only Shareholders as of the Record Date are entitled to receive notice of and vote at the Meeting. Shareholders who are unable to attend the Meeting in person, or any adjournments or postponements thereof, are requested to complete, date and sign the form of proxy (registered holders) or voting instruction form (beneficial holders) and return it in the envelope provided.

To be effective, the form of proxy or voting instruction form must be mailed or faxed so as to reach or be deposited with TSX Trust (in the case of registered holders) at Suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1, Fax Number: 416.595.9593, prior to the Proxy Deadline, failing which such votes may not be counted, or your intermediary (in the case of beneficial holders) with sufficient time for them to file a proxy by the Proxy Deadline.
SHAREHOLDERS ARE REMINDED TO REVIEW THE INFORMATION CIRCULAR BEFORE VOTING

If you are a non-registered holder of Common Shares and have received these materials through your broker, custodian, nominee or other intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker, custodian, nominee or other intermediary in accordance with the instructions provided therein.

DATED this 20th day of June, 2018.

BY ORDER OF THE BOARD OF DIRECTORS
(Signed) "Dennis H. Peterson"
Dennis H. Peterson
Director and Chief Executive Officer

SUMMARY OF INFORMATION CIRCULAR

The following is a summary of information relating to Canstar Resources Inc,, Adventus Zinc Corporation, Altius Resources Inc. and Resulting Issuer (assuming completion of the Transaction), and should be read together with the more detailed information and financial data and statements contained elsewhere in this information circular.

This Information Circular has been prepared in accordance with Exchange Policy 5.2 and Exchange Form 3D2 - "Information Required in an Information Circular for a Reverse Takeover or Change of Business" in connection with the Transaction.

Time, Date and Place of Meeting and Items of Business to be Considered at the Meeting

The Meeting will be held at 56 Temperance Street, Suite 1000, Toronto, Ontario, M5H 3V5, on July 30, 2018 at the hour of 11:00 a.m. (Toronto time) and at any continuation thereof after an adjournment.

The business to be considered at the Meeting is

- **a.** the approval of the Transaction;
- **b.** Approval of Consolidation.

For a detailed description of these matters refer to section titled "PART II – MATTERS TO BE ACTED UPON AT THE MEETING" hereof;

Parties

Canstar Resources Inc. ("**Canstar**") is a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in Canada. It is a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario and its common shares are listed on the TSXV under the symbol "ROX" and on over-the-counter markets under the symbol "CSRNF". For additional information about Canstar, please see "*Part V – Information Concerning Canstar Resources Inc.*"

Adventus Zinc Corporation ("**Adventus**") is a mineral exploration and development company that has mineral exploration property assets located in the Province of Newfoundland and Labrador, Canada and in Ireland, is earning into a project in Ecuador. It is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario, and Newfoundland and Labrador and its common shares are listed on the TSXV under the symbol "ADZN". For additional information about Adventus, please see "*Part VI – Information Concerning the Target*".

Altius Resources Inc. ("**Altius**") is a mineral resource company that both holds diversified mine royalty interests and engages in exploration projects.

Aggregate consideration and assets acquired pursuant to the Transaction

Upon closing of the Transaction, Canstar as the Resulting Issuer will hold 100% of the issued and outstanding shares of Adventus Newfoundland in consideration of Canstar's issuance to Adventus 86,681,695 new Canstar Shares. Canstar as the Resulting Issuer will also acquire from Altius all the right, title and interest of Altius in Daniel's Harbour Project in consideration for the issuance to Altius of 12,095,120 Canstar Shares at the deemed price of $0.06 per Canstar Share and granting of a 2% net smelter royalty on production from Daniel's Harbour project in favour of Altius.

Consolidation

Upon completion of the Transaction, it is contemplated that Canstar will complete the Consolidation on a five-for-one basis so that each five Canstar Shares will be exchanged for one Canstar Consolidated Share. Under the OBCA, the Consolidation requires Shareholder approval by way of a Special Resolution. The Shareholders are asked to approve the Consolidation Resolution. In the event that the Consolidation Resolution is approved by a Special Resolution of the Shareholders, the Board of Directors will have the right but not the obligation to complete the Consolidation within the period beginning with the Completion of the Transaction and the next meeting of Shareholders following the Meeting on the five-for-one basis if after due inquiry, it determines that the Share Consolidation is in the best interest of Canstar.

Conditions to Completion of the Transaction

The completion of the Transaction is conditional upon, among other things, obtaining necessary regulatory and Shareholder approval or consents, where applicable, and meeting the terms and conditions set forth in the Transaction Agreements. For a more detailed description of the terms and conditions set out in the Transaction Agreements please see section titled "*Part III – Information Concerning the Transaction*" hereof.

Interest of Insiders, Promoters and Control Persons

Prior to closing of the Transaction, no Insider, Promoter, or Control Person of Adventus or Altius or Associates and Affiliates of either party has any interest in Canstar.

Directors and Officers of the Resulting Issuer

Upon completion of the Transaction, the Board of Directors of Canstar will initially be comprised of four members, with three members appointed by Canstar and one member appointed by Adventus (and Adventus retaining the right to appoint a second member at a later date). The Board will initially consist of David Palmer, Dennis Peterson and Patrick Reid, existing directors of Canstar, and Sam Leung, the Vice President of Corporate Development for Adventus.

Business of the Resulting Issuer

Following the closing of the Transaction, the principal business of Canstar as the Resulting Issuer will be polymetallic exploration in the Province of Newfoundland and Labrador, Canada including the Buchans Camp, where it will own the majority of the district's mineral rights.

Arm's Length Party Transaction

In the Transaction, Canstar is an arm's length party to both Adventus and Altius. Adventus and Altius are non-arm's length parties with each other, as Altius is an insider of Adventus.

Pursuant to an agreement of purchase and sale dated November 16, 2016 between Altius and Adventus Newfoundland, then a wholly-owned subsidiary of Altius, Altius transferred to Adventus Newfoundland the Adventus Newfoundland Properties, subject to the retention of a 2% net smelter returns royalty by Altius, in exchange for common shares of Adventus Newfoundland. Adventus Newfoundland and Altius also entered into a royalty agreement dated November 16, 2016 (the "Newfoundland Royalty Agreement") setting forth the terms under which Altius retains such 2% net smelter returns royalty on production of mineral products from the Adventus Newfoundland Properties, subject to reduction for underlying royalty obligations on certain claims forming part of the Katie project which Adventus Newfoundland has acquired. The Newfoundland Royalty Agreement provides for an area of interest around each of the Adventus Newfoundland Properties and prohibits the granting of further royalties on the Adventus Newfoundland Properties. Following the acquisition of the Adventus Newfoundland Properties by Adventus Newfoundland, Adventus entered into an agreement of purchase and sale dated December 9, 2016 pursuant to which Adventus acquired all of the outstanding shares of Adventus Newfoundland from Altius in consideration of the issuance of 3,570,000 Adventus common shares to Altius.

Available Funds and Principal Purposes

Available Funds

The funds available to Canstar as the Resulting Issuer after giving effect to the Transaction will be approximately $1,488,027. *See Exhibit "D" – Pro Forma Consolidated Financial Information of the Resulting Issuer.*

Source of Funds	**Amount**
Pro forma cash position of Resulting Issuer assuming completion of the Transaction	$1,488,027
Total Available Funds	$1,488,027

Principal Purposes of Funds

Selected Unaudited Pro Forma Consolidated Financial Information for the Resulting Issuer

The following table sets out selected pro forma consolidated statement of financial position data for the Resulting Issuer as at March 31, 2018 (Unaudited - Expressed in Canadian Dollars):

	As at March 31, 2018 (Unaudited, Expressed in Canadian Dollars):
Assets	
Total current assets	$1,500,349
Total assets	$11,325,778
Liabilities	
Total current liabilities	$187,072
Total liabilities	$708,234
Shareholders' Equity	
Shares	$19,231,568
Warrants	$85,657
Share-based payments reserve	$342,625
Deficit	(9,042,306)
Total shareholders' equity	$10,617,544
Total liabilities and shareholders' equity	$11,325,778

For a more detailed presentation, please see "*Part VIII – Information Concerning The Resulting Issuer – Selected Pro Forma Consolidated Financial Information for the Resulting Issuer* and Exhibit "D" – Pro Forma Consolidated Financial Information of the Resulting Issuer.

Public Market for Securities of the Issuer and the Target

Canstar Common Shares are listed on the TSXV under the symbol "ROX". Common shares of Adventus are listed on the TSXV under the symbol "ADZN". For additional information about Adventus, please see "*PART VI – INFORMATION CONCERNING THE TARGET*".

Trading Price

On February 20, 2018, the date immediately preceding the announcement of the Transaction, the closing market price of common shares of Canstar and common shares of Adventus on the TSXV were $0.06 and $0.95 respectively. Upon announcing the Transaction in a news release published on February 21, 2018, and a copy of which is available on Canstar's profile on SEDAR, Canstar has requested that its common shares be halted from trading, pending approval of the Transaction by the TSXV. As at the Record Date, being the latest practicable date for the purpose of determining the trading price of common shares of Canstar and Adventus, the closing market price of common shares of Canstar and common shares of Adventus common shares was $0.06 and $0.89 respectively.

Sponsorship

As Canstar is a reporting issuer whose common shares are listed on the TSXV and which qualifies as an active corporation prior to the completion of the Transaction, Canstar seeks exemption from the sponsorship requirement under Exchange Policy 2.2.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of Canstar holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with Canstar. Conflicts, if any, will be subject to the procedures and remedies under the OBCA or other applicable corporate legislation. For a list of public companies in which proposed directors of Canstar hold management position or serve as directors, please see section "Part VIII – *Information Concerning The Resulting Issuer – Conflicts of Interest - Other Reporting Issuer Experience*" below.

Interest of Experts

Other than stated in section '*Part IIX – General Matters – Interests of Experts*" hereof, no "professional person" or expert or firm named in this Information Circular as having prepared or certified any part of all of it or a report or valuation described therein, holds any beneficial interest, direct or indirect, in any securities or property of Canstar or an Associate of Affiliate of Canstar and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of Canstar as the Resulting Issuer, or of an Associate or Affiliate of Canstar as the Resulting Issuer and no such person is a Promoter of Canstar as the Resulting Issuer or of an Affiliate or Associate of Canstar as the Resulting Issuer. See "*Part IIX – General Matters – Experts".*

Summary of Risk Factors

AN INVESTMENT IN SECURITIES OF CANSTAR RESOURCES INC. FOLLOWING THE COMPLETION OF THE TRANSACTION IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD BE MADE ONLY BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

An investment in an mineral exploration company such as Canstar Resources Inc. involves a significant degree of risk, including risks related to cash flow and liquidity, the ongoing need for financing, a volatile stock price, uncertainty related to the price of gold or other metals, speculative nature of resource and reserves estimates, operational risks and costs, regulatory matters and environmental legislation, regulatory delays, and competition for key personnel. Canstar Shareholders should consider that Canstar may not realize the anticipated benefits of the Transaction. For a comprehensive discussion of the risk factors relating to Canstar and the Transaction, see "*PART IV – RISK FACTORS*".

PART I – PROXY RELATED INFORMATION

General Proxy Information

This Circular is furnished in connection with the solicitation by the management of the Company of proxies to be used at the special meeting of Shareholders (the "**Meeting**") of the Company, to be held at 56 Temperance Street, Suite 1000, Toronto, Ontario M3H 3V5, on July 30, 2018 at 11:00 am (Toronto Time), and at any adjournment thereof, for the purposes set forth in the attached notice of meeting of the Company.

Although it is expected that the solicitation of the proxies will be primarily by mail, proxies may also be solicited personally or by telephone or other similar means of communication by the directors and/or officers of the Company at nominal cost. The cost of solicitation will be borne by the Company. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities.

"Notice-and-Access"

The Company is utilizing the Notice-and-Access Provisions that came into effect on February 11, 2013 under NI 54-101 and NI 51-102 for distribution of this Circular to all registered Shareholders and Beneficial Shareholders (as defined below). The Notice-and-Access Provisions are a set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular may be found on the Company's SEDAR profile at www.sedar.com and also on the Company's website at http://www.canstarresources.com/s/investor-financial-statements-annual.asp. The Company will not use procedures known as "stratification" in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of this Circular to some Shareholders with the notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of this Circular. **Shareholders are reminded to review this Circular before voting.**

Although this Circular will be posted electronically on-line as noted above, Shareholders will receive paper copies of a "notice package" via prepaid mail containing the Notice of Meeting with information prescribed by NI 54-101 and NI 51-102, a form of proxy or voting instruction form.

The Company anticipates that notice-and-access will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can call the Company's transfer agent TSX Trust Company ("**TSX Trust**") toll-free at 1-866-600-5869 or email TMXEInvestorServices@tmx.com. Shareholders may also obtain paper copies of the Circular free of charge by contacting the Company's Corporate Secretary toll free at 1.866.936.6766.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Company or TSX Trust, as applicable, by July 20, 2018 in order to allow sufficient time for Shareholders to receive their paper copies and to return their form of proxy to TSX Trust (in the case of registered Shareholders), or their voting instruction form to their intermediaries (in the case of Beneficial Shareholders, as such term is defined herein) by its due date.

Appointment, Voting and Revocation of Proxies

Appointment

The persons named in the form of proxy represent management of the Company. Any Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the form of proxy to attend, vote and act for and on behalf of such person at the Meeting. In order to do so the Shareholder may insert the name of such person in the blank space provided in the form of proxy, or may use another proper form of proxy. All proxies must be deposited with the Company’s registrar and transfer agent, TSX Trust, not later than 11:00 a.m. (Eastern Standard Time) on July 26, 2018, or if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned Meeting. The Company may refuse to recognize any proxy received after such time. A proxy should be executed by the Shareholder or his or her attorney duly authorized in writing, or if the Shareholder is a corporation, by a duly authorized officer or attorney thereof.

Voting

Common Shares represented by any properly executed proxy in the form will be voted for or against, or withheld from voting, as the case may be, on any ballot that may be called for in accordance with the instructions given by the Shareholder. **In the absence of such instructions, the proxy will confer discretionary authority and will be voted FOR all matters set out herein.**

The form of proxy confers discretionary authority on the persons named in it with respect to amendments or variations to matters identified in the notice of meeting or other matters that may properly come before the Meeting. As of the date hereof, management of the Company is not aware of any such amendments, variations or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of management of the Company.

Revocation

In addition to revocation by any other manner permitted by law, a Shareholder may revoke a proxy before it is exercised by written instrument executed by the Shareholder (or by the Shareholder’s attorney authorized in writing) and deposited at the registered offices of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or deposited with the Chairman of the Meeting prior to the commencement of the Meeting on the day thereof or any adjournment thereof.

Advice to Holders of Common Shares

Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (“**Beneficial Shareholders**”), should note that only proxies deposited by Shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will in all likelihood not be registered in the Shareholder’s name and will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name of CDS Clearing and Depository Services Inc. which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting**.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The voting form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered Shareholders by the Company. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders, and asks them to return the forms to Broadridge or to otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions regarding the voting of Common Shares held through a broker or other intermediary, please contact that broker or intermediary for assistance**.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return same to their broker (or the broker's agent) in accordance with the instructions provided by such broker**.

Beneficial Shareholders fall into two categories: those who object to their identity being made known to the issuers of securities which they own ("**Objecting Beneficial Owners**" or "**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**" or "**NOBOs**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries. Pursuant to NI 54-101, issuers may obtain and use the NOBO list in connection with any matter relating to the affairs of the issuer, including the distribution of proxy-related materials directly to NOBOs. The Company is not sending Meeting materials directly to the NOBOs. The Company will use and pay intermediaries and agents to send the Meeting materials and also intends to pay for intermediaries to deliver the Meeting materials to the OBOs. In accordance with the requirements of NI 54-101, the Company is sending the proxy-related materials for use in connection with the Meeting indirectly through intermediaries to both NOBOs and OBOs. The Company intends to pay for intermediaries to deliver the Meeting Materials to the OBOs. **As more particularly outlined above under the heading "Notice-and-Access", Meeting materials will be sent to Beneficial Shareholders using the Notice-and-Access Provisions**.

All references to Shareholders in this Circular and the form of proxy and notice of meeting are to registered Shareholders unless specifically stated otherwise.

Registered Holders

Registered holders of Common Shares shown on the Shareholders' list prepared as of the Record Date will be entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held.

Registered Shareholders may also, rather than returning by mail or hand delivery the form of proxy received from the Company, elect to submit a form of proxy by use of telephone or the Internet. Those registered holders electing to vote by telephone require a touch-tone telephone to transmit their voting preferences. Registered holders electing to vote by telephone or via the Internet must follow the instructions included in the form of proxy received from the Company.

PART II – MATTERS TO BE ACTED UPON AT THE MEETING

Approval of the Transaction

Summary

On February 20, 2018 Canstar, Adventus, Adventus Newfoundland, the wholly owned subsidiary of Adventus and Altius entered into a share exchange agreement and Canstar and Altius entered into a purchase agreement, comprising the Transaction Agreements pursuant to which the parties agreed to complete the Transaction whereby Canstar will acquire: i) all of the issued and outstanding common shares of Adventus Newfoundland which holds a 100% interest in Adventus Newfoundland Properties; and ii) the Daniel's Harbour Project from Altius.

In consideration for the acquisition of all the issued and outstanding shares of Adventus Newfoundland, pursuant to the Transaction Agreements, Canstar will issue to Adventus 86,681,695 Canstar Shares. Adventus will also have the right to nominate two members of the board of directors of Canstar while it holds at least 10% of the then issued and outstanding Canstar Shares on a non-diluted basis.

In consideration of the acquisition of the Daniel's Harbour Project, Canstar shall pay to Altius the purchase price of $725,707 by issuance to Altius, or as directed by Altius, of 12,095,120 Canstar Shares at a deemed price of $0.06 per Canstar Share. Canstar will also grant a 2% net smelter royalty in favour of Altius on production from the Daniel's Harbour Project.

Additionally, pursuant to the Transaction Agreements, Altius has subscribed for 6,250,000 Flow-Through Subscription Receipts at the price of $0.08 per Flow-Through Subscription Receipt as part of the Private Placement. Upon completion of the Transaction, assuming receipt of requisite approvals, the Flow-Through Subscription Receipts issued to Altius pursuant to the Private Placement will be converted at no additional cost to Altius into 6,250,000 Canstar Shares that will be issued on a flow through basis.

Expected Capital Structure following the Transaction

Upon completion of the Transaction, but without giving effect to the conversion of Subscription Receipts issued pursuant to the Private Placement into Canstar Shares, the current Shareholders of Canstar will hold 102,808,522 Canstar Shares or 51% of the then issued and outstanding Canstar Shares with Adventus holding 86,681,695 Canstar Shares (43%) and Altius 12,095,120 Canstar Shares (6%) respectively.

Assuming receipt of requisite approvals, following completion of the Transaction, 20,833,699 Subscription Receipts issued in connection with the Private Placement will convert into 20,833,699 Canstar Shares, making the respective holding of Adventus and Altius to be 86,681,695 (38.97%) and 18,345,120 (8.25%) respectively.

For a more detailed description of the terms of the Transaction please refer to the section titled "*PART III – INFORMATION CONCERNING THE TRANSACTION*" hereof.

Directors, Officers and Promoters

The following table lists the names, municipalities of residence of the proposed directors and officers of Canstar following the completion of the Transaction, assuming receipt of requisite approvals, their proposed positions and offices to be held with Canstar as the Resulting Issuer, and the number and percentage of securities of Canstar as the Resulting Issuer which will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by each upon completion of the Transaction. For description of proposed director's and officer's principal occupation for the preceding 5 years please refer to detailed description in section titled "*Part VIII – Information Concerning The Resulting Issuer - Directors, Officers And Promoters*" of this Circular:

Name, and Municipality of Residence	Proposed Position and/or Office with Resulting Issuer	Principal Occupation for Past 5 Years	Date became a director or officer of Canstar	Number and percentage of Canstar Shares owned or controlled after giving effect to the Transaction	
				Number[2]	Percentage[3]
Patrick Reid *Toronto, Ontario*	Director	*See detailed description in section titled "PART VIII – INFORMATION CONCERNING THE RESULTING ISSUER - Directors, Officers And Promoters"* below.	2001	1,099,556	0.49%
David Palmer *Toronto, Ontario*	Director		2006	1,294,000	0.58%
Dennis H. Peterson *Toronto, Ontario*	Acting CEO and Director		2013	3,041,668	1.37%
John Hurley[1] *Toronto, Ontario*	CFO		2001	922,625	0.41%
Sam Leung[1] *Mississauga, Ontario*	Director		N/A	Nil	Nil

Notes:

(1) Upon Completion of the Transaction, it is expected that John Hurley, who serves as a director of Canstar as at the date of this Circular, will resign from the Board of Directors and Sam Leung will be appointed as director of Canstar to fill in the vacancy following Mr. Hurley's resignation. Mr. Hurley will continue to serve as Chief Financial Officer of Canstar. Appointment of Mr. Leung to the Board of Directors following resignation of Mr. Hurley will constitute an appointment in partial satisfaction of the right of Adventus to appoint up to two members of the Board of Directors, which right Adventus acquired pursuant to the Transaction Agreements, as set out in more detail in section "*PART III – INFORMATION CONCERNING THE TRANSACTION"* hereof.

(2) On a non-diluted basis.

(3) The percentage is calculated based on 222,419,036 as the number of issued and outstanding Canstar Shares that includes Canstar Shares into which 20,833,699 Subscription Receipts issued pursuant to the Private Placement, will be converted upon completion of the Transaction.

Requirement for shareholder approval

The completion of Transaction will constitute a "Reverse Takeover" in accordance with Exchange Policy 5.2 by virtue of: 1) Adventus and Altius holding combined close to 50% of the issued and outstanding Common Shares and by virtue the right to appoint two members of the Board. Accordingly, the Management of Canstar intends to place before the Meeting, for approval, with or without modification, the Canstar Shareholder Transaction Resolution in the form provided below under the heading "*Canstar Shareholder Transaction Resolution*", relating to the Transaction, pursuant to the Transaction Agreements. Pursuant to the policies of the TSXV, the Transaction must be approved by a resolution of Canstar Shareholders consisting of a majority of the votes cast at the Meeting by "disinterested" Canstar Shareholders. As at the Record Date of the Meeting, all shareholders of Canstar are disinterested.

If the *Canstar Shareholder Transaction Resolution* does not receive the necessary approval from Canstar Shareholders present in person or represented by proxy at the Meeting, Canstar will not proceed with this transaction in this form. In such event, the Board of Directors of Canstar may reconsider the Transaction in the hope of restructuring it in a form that will be satisfactory to Canstar Shareholders, and applicable regulatory authorities.

No Dissent Rights

Under the OBCA, Shareholders do not have dissent and appraisal rights with respect to the proposed Transaction.

Unless instructed otherwise, the management designees of Canstar in the accompanying form of proxy or VIF intend to vote FOR the Canstar Shareholder Transaction Resolution.

Canstar Shareholder Transaction Resolution

BE AND IT IS HEREBY RESOLVED:

THAT the acquisition by Canstar Resources Inc. ("**Canstar**") of:

a. all of the issued and outstanding shares of Adventus Newfoundland Corporation ("**Adventus Newfoundland**") from Adventus Zinc Corporation ("**Adventus**") in exchange for issuance to Adventus of common shares of Canstar ("Canstar Shares"); and of
b. certain mining claims and leases located in the Province of Newfoundland and Labrador known as Daniel's Harbour Project (the "**Daniel's Harbour Project**") from Altius Resources Inc. in exchange for issuance to Altius Resources Inc. of Canstar Shares and granting to Altius Resources Inc. of 2% net smelter return royalty on production form the Daniel's Harbour Project (the "**Transaction**"),

on the terms and subject to the conditions set out in the share exchange agreement among Canstar, Adventus, Adventus Newfoundland and Altius Resources Inc. and a purchase agreement between Canstar and Altius Resources Inc. both dated February 20, 2018 made available on Canstar's SEDAR profile (the "**Transaction Agreements**") and as described in greater detail in the management information circular of Canstar dated June 20, 2018, be and the same is hereby authorized and approved;

THAT notwithstanding that this resolution has been passed by the shareholders of Canstar, the directors of Canstar are hereby authorized and empowered, without further notice, or approval of, the shareholders of Canstar: (i) to amend the Transaction Agreements; and (ii) subject to the terms of the Transaction Agreements, not to proceed with the Transaction; and

THAT any officer or director of Canstar is hereby authorized and directed for and on behalf of Canstar to execute or cause to be executed, under the seal of Canstar or otherwise, and to deliver or cause to be delivered all such other documents, agreements or instruments, and to perform or cause to be performed all such other acts and things, as such officer or director shall determine to be necessary or desirable to give full effect to this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the performing or causing to be performed of such other acts or things.

Approval of the Consolidation

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, pass a special resolution (the "**Consolidation Resolution**") authorizing a share consolidation of Canstar's Common Shares on the basis of one post-consolidation Common Share for each five (5) pre-consolidation Common Shares.

Background to and Reasons for the Consolidation

The Board of Directors believes that it is in the best interests of Canstar to reduce the number of outstanding Common Shares by way of the Consolidation. The potential benefits of the Consolidation include:

1. Greater investor interest: the current share structure of Canstar will make it more difficult or impossible for Canstar to attract the additional equity financing required to maintain Canstar and fund its exploration and

development projects. A share consolidation may have the effect of raising, on a proportionate basis, the price of the Common Shares, which could appeal to certain investors that find shares valued above certain prices to be more attractive from an investment perspective.

2. Raise additional capital at a higher price per share: the higher anticipated price of the post-consolidation Common Shares will allow Canstar to raise additional capital through the sale of additional Common Shares at a higher price per Common Share than would be possible in the absence of the Consolidation.

The Consolidation is subject to the approval of the TSXV and the Shareholders. If the requisite approvals are obtained, the Consolidation will take place at a time to be determined by the Board, and as soon as practicable following the Meeting, subject to the OBCA. No further action on the part of Shareholders would be required in order for the Board to implement the Consolidation. Shareholders will be notified and registered Shareholders will receive a letter of transmittal containing instructions for exchange of their share certificates. If the Board does not implement the Consolidation prior to the next annual meeting of Shareholders, the authority granted by the special resolution to implement the Consolidation on these terms would lapse and be of no further force or effect. The special resolution also authorizes the Board to elect not to proceed with, and abandon, the Consolidation at any time if it determines, in its sole discretion, to do so.

Following a vote by the Board to implement the Consolidation, the Company will file articles of amendment with the Director under the OBCA to amend the Company's articles of incorporation. The Consolidation will become effective on the date shown in the certificate of amendment issued by the Director under the OBCA or such other date indicated in the articles of amendment provided that, in any event, such date will be prior to the next annual meeting of Shareholders.

Certain Risks Associated with the Consolidation

There can be no assurance that, if the Consolidation is implemented, the Company will be successful in attracting new capital financing or to allow acquisition of a new project of merit. The effect of the Consolidation upon the market price of the Common Shares cannot be predicted with any certainty, and the history of similar transactions for corporations similar to the Company is varied.

There can be no assurance that the total market capitalization of the Canstar Post-Consolidation Shares immediately following the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per-share market price of the Canstar Post-Consolidation Shares following the Consolidation will remain higher than the per-share market price of Canstar Shares immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Canstar Post-Consolidation Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of the Consolidation. Furthermore, the Consolidation may lead to an increase in the number of Shareholders who will hold "odd lots"; that is, a number of shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the Canstar Post-Consolidation Shares). As a general rule, the cost to Shareholders transferring an odd lot of Common Shares is somewhat higher than the cost of transferring a "board lot". Nonetheless, despite the risks and the potential increased cost to Shareholders in transferring odd lots of post-consolidation Common Shares, the Board of Directors believes the Consolidation is in the best interest of all Shareholders.

Effect on Non-Registered Holders

Non-Registered Holders holding Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Company for registered Shareholders. If you hold Common Shares with such a bank, broker or other nominee and have questions with respect to such matters, you are encouraged to contact your nominee.

No Fractional Shares to be Issued

No fractional Common Shares will be issued in connection with the Consolidation and, in the event that a Shareholder would otherwise be entitled to receive a fractional Canstar Post-Consolidation Share upon the Consolidation, such fraction will be rounded down to the nearest whole number.

Effects of the Consolidation on the Common Shares

If approved and implemented, the Consolidation will occur simultaneously for all of the Common Shares and the consolidation ratio will be the same for all of such Common Shares. Except for any variances attributable to fractional shares, the change in the number of issued and outstanding Common Shares that will result from the Consolidation will cause no change in the capital attributable to the Common Shares and will not materially affect any Shareholder's percentage ownership in the Company, even though such ownership will be represented by a smaller number of Common Shares.

The Consolidation will not materially affect any Shareholder's proportionate voting rights. Each Common Share outstanding after the Consolidation will be entitled to one vote and will be fully paid and non-assessable.

The principal effects of the Consolidation will be that the number of Common Shares issued and outstanding will be reduced from 222,419,036 pre-consolidation Canstar Shares to approximately 44,483,807 Canstar Post-Consolidation Shares, assuming the issuance of 98,776,815 pre-consolidation Canstar Shares to Adventus and Altius as part of the Transaction, and conversion of 20,833,699 Subscription Receipts into equal number of pre-consolidation Common Shares.

The implementation of the Consolidation would not affect the total shareholders' equity of the Company or any components of shareholders' equity as reflected on the Company's financial statements except: (i) to change the number of issued and outstanding Common Shares; and (ii) to change the stated capital of the Common Shares to reflect the Consolidation.

The exercise or conversion price and the number of Common Shares issuable under any outstanding convertible securities of the Company, including outstanding stock options, will be adjusted in accordance with their respective terms on the same basis as the Consolidation.

No Dissent Rights

Under the OBCA, Shareholders do not have dissent and appraisal rights with respect to the proposed Consolidation.

Unless instructed otherwise, the management designees of Canstar in the accompanying form of proxy or VIF intend to vote FOR the Consolidation Resolution.

Consolidation Resolution

Set forth below is the special resolution to be submitted to the Shareholders in relation to the Consolidation, which must be passed by a majority of not less than two-thirds of the votes cast by the Shareholders who vote in respect of the resolution:

"IT IS HEREBY RESOLVED, AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF CANSTAR RESOURCES INC. (THE "**COMPANY**"), THAT:

1. the Company's articles of incorporation be amended pursuant to Section 168 (1)(h) of the *Business Corporations Act* (Ontario) (the "OBCA") to effect a consolidation of all of the issued and outstanding Common Shares of the Company (the "Common Shares") on a basis of one (1) post-consolidation Common Share for each five (5) pre-consolidation Common Shares (the "Consolidation");

2. no fractional post-consolidation Common Shares be issued and no cash paid in lieu of fractional post-consolidation Common Shares, such that any fractional interest in Common Shares resulting from the Consolidation will be rounded down to the nearest whole Common Share;

3. the effective date of such Consolidation shall be the date shown in the certificate of amendment issued by the Director appointed under the OBCA or such other date indicated in the articles of amendment provided that, in any event, such date shall be prior to the next annual meeting of shareholders;

4. any officer of director of the Company be and hereby is authorized and directed on behalf of the Company to execute or cause to be executed, and to deliver or cause to be delivered, all certificates, notices and other documents, including filing articles of amendment pursuant to the OBCA, and to do or cause to be done all such acts and things, as such officer or director may determine to be necessary, desirable, or useful for the purpose of giving effect to the foregoing resolutions, such determination to be conclusively evidenced by the execution and delivery of such documents, or the doing of any such act or thing; and

5. notwithstanding the passing of this special resolution by the shareholders of the Company (the "**Shareholders**"), the board of directors of the Company may, in its sole discretion, determine not to act upon this special resolution and not file articles of amendment giving effect to the Consolidation, without further approval of the Shareholders."

Under the OBCA and the Company's articles, the Consolidation Resolution must be approved by special resolution, being the affirmative vote of at least two-thirds (66 2/3%) of the votes cast with respect to the Consolidation Resolution by Shareholders present in person or represented by proxy at the Meeting.

PART III – INFORMATION CONCERNING THE TRANSACTION

The following is a summary of the material terms of the Transaction Agreements. This summary does not purport to be a complete summary of the Transaction Agreements and is qualified in its entirety by reference to the full text of the Transaction Agreements, a copy of which is available for review at Canstar's SEDAR profile at www.sedar.com.

The Transaction

In connection with the Transaction, at the Effective Time:

(a) Canstar will acquire from Adventus each of the Adventus Newfoundland shares it owns, representing all of the issued and outstanding Adventus Newfoundland shares;

(b) Adventus will acquire from Canstar pre-consolidated 86,681,695 newly issued Canstar Shares;

(c) Canstar will acquire from Altius, all of the right, title and interest of Altius in and to the Daniel's Harbour Project; and

(d) Altius will acquire from Canstar pre-consolidated 12,095,120 newly issued Canstar Shares and a 2% net smelter royalty in production from the Daniel's Harbour Project.

It is expected that, immediately following the completion of the Transaction but prior to the conversion of the Subscription Receipts issued pursuant to the Private Placement into Common Shares: (a) Adventus will hold 86,681,695 Resulting Issuer Shares, representing approximately 43% of the outstanding Resulting Issuer Shares; (b) Altius will hold 12,095,120 Resulting Issuer Shares, representing approximately 6% of the outstanding Resulting Issuer Shares; and (c) Canstar will hold all outstanding common shares of Adventus Newfoundland and become its sole shareholder.

For the Transaction to become effective, Canstar must obtain Canstar Shareholder approval of the Transaction, as well as the TSXV approval of the Transaction. The Transaction Agreements provide for additional conditions precedent to the Transaction, each of which must be satisfied or waived by the applicable party or parties if applicable.

The Transaction Agreements Conditions to the Transaction:

The respective obligations of the parties to the Transaction Agreements ("**Parties**") to complete the transactions contemplated in the Transaction Agreements are subject to the fulfillment of the following conditions at or prior to the Effective Time:

(a) the Private Placement will have been completed;

(b) Shareholders will have approved the Canstar Shareholder Transaction Resolution and any approval required to complete the Transaction, if such votes are required, matters ancillary to the Transaction and any other matters proposed by Adventus or Adventus Newfoundland (the "**Adventus Entities**") and Altius, acting reasonably, and not to take any action contrary to, or in opposition to the Transaction;

(c) there shall be (3) three existing or nominee directors from Canstar and up to (2) two directors from Adventus appointed to the board of directors of Canstar;

(d) Dennis Peterson shall be appointed as the interim Chief Executive Officer of Canstar and John Hurley will continue to hold the office of the Chief Financial Officer of Canstar and Marrelli Support Services Inc. will continue to provide corporate secretary services;

(e) Canstar will have formed an informal technical steering committee comprised of David Palmer, Lawrence Winter and Jason Dunning and such committee shall meet at least once per calendar quarter;

(f) Cantar will have changed its registered head office to the business office of Adventus being 220 Bay Street, Suite 550, Toronto, Ontario M5J 2W4;

(g) the Daniel's Harbour Royalty Agreement in the form attached as a schedule to the Transaction Agreements will have been executed;

(h) there will not exist any prohibition at law, including a cease trade order, injunction or other prohibition or order of Law or under any applicable legislation, against Canstar or Altius or Adventus Entities which will prevent the consummation of the Transaction;

(i) the Transaction Agreements will not have been terminated pursuant to the termination provision thereof; and

(j) any required regulatory, corporate and third party approvals, including approval for the Private Placement, conditional approval for the Purchase Agreement, and conditional approval from TSXV of the listing thereon of the Canstar Shares to be issued to Adventus pursuant to the Transaction and the listing of the Canstar Shares to be issued to Altius pursuant to the Purchase Agreement, and any other approvals necessary or desirable for the execution and delivery of and the performance by the Parties of their obligations hereto, subject only to such conditions, including the filing of documentation, as are acceptable to Canstar, Adventus Newfoundland, and Altius acting reasonably, will have been received.

Additional Conditions to the Obligations of Adventus

The obligations of Adventus Entities to complete the transactions contemplated Transaction Agreements are subject to the fulfillment of the following conditions at or prior to the Effective Time:

(a) the representations and warranties made in the Transaction Agreement by Adventus Entities will be true and correct as of the Closing Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions contemplated or permitted by the Transaction Agreements, or except for any failures or breaches of representations and warranties which, individually or in the aggregate, would not have a material adverse effect on Adventus Entities or prevent or delay the completion of the Transaction or the other transactions contemplated hereby), and Adventus Entities will have provided to Canstar a certificate of the President and Chief Financial Officer of Adventus Entities, certifying such accuracy on the Closing Date;

(b) Adventus shall deliver to Canstar at Closing, certificates or documents of title or other evidence of ownership of the common shares of Adventus Newfoundland owned by them duly endorsed for transfer or accompanied by irrevocable security transfer power of attorneys duly executed in blank, in form and substance sufficient to permit the recording or registration of Canstar as the new owner of record of the common shares of Adventus Newfoundland in compliance with all applicable requirements, provisions and procedures relating to the recording or registration of such ownership;

(c) Adventus Entities will have complied with their covenants in the Transaction Agreements (except to the extent that the failure to comply with such covenants has not had or would not have, individually or in the aggregate, a material adverse effect on Adventus Entities or prevent or delay the completion of the Transaction or the other transactions contemplated in the Transaction Agreements), and Adventus Entities will have provided to Canstar, a certificate of the President and Chief Financial Officer of Adventus Entities, certifying that Adventus Entities have complied with its covenants made in the Transaction Agreements;

(d) there being no prohibition at law against the completion of the Transaction;

(e) from the date hereof up to and including the Closing Date, there will have been no material adverse change in relation to Adventus Entities' business, results of operations, assets, liabilities, financial condition or affairs of Adventus Entities, financial or otherwise;

(f) from the date hereof up to and including the Closing Date, there will have been no legal proceedings or regulatory actions or proceedings against Adventus Entities which may have a material adverse effect on Adventus Entities, their business, assets or financial conditions;

(g) there being no inquiry or investigation (whether formal or informal) in relation to Adventus Entities or its directors or officers, having been commenced or threatened by any securities commission or official of the TSXV or any securities regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on Adventus Entities, its business, assets or financial condition;

(h) Adventus Entities and Altius will be in material compliance with the terms of the Transaction Agreements;

(i) Canstar will have received a legal opinion addressed to Canstar and its counsel and dated on or prior to the Closing Date regarding Adventus Entities, the Transaction and all ancillary documents, which opinion will be satisfactory in form and substance to Canstar and its counsel, acting reasonably;

(j) Canstar will have received a legal opinion addressed to Canstar and its counsel and dated on or prior to the Closing Date regarding title to Adventus Newfoundland Properties, which opinions will be satisfactory in form and substance to Canstar and its counsel, acting reasonably;

(k) there being no other issued and outstanding securities in the capital of Adventus Newfoundland other than as disclosed in the Transaction Agreements; and

(l) Canstar shall have received a certificate signed by an executive officer of Adventus Entities certifying as to certain customary matters in respect of the above.

The foregoing conditions precedent are for the benefit of Canstar and may be waived, in whole or in part, by Canstar in writing at any time.

Additional Conditions to the Obligations of Canstar

The obligation of Canstar to complete the transactions contemplated in the Transaction Agreements is subject to the following conditions on or before the Closing Date or such other time as specified below:

(a) the representations and warranties made in the Transaction Agreements by Canstar will be true and correct as of the Closing Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions contemplated or permitted by the Transaction Agreements, or except for any failures or breaches of representations and warranties which, individually or in the aggregate, would not have a material adverse effect on Canstar or materially impede the completion of the Transaction or the other transactions contemplated hereby), and Canstar will have provided to Adventus Entities a certificate of the President and Chief Financial Officer of Canstar certifying such accuracy on the Closing Date;

(b) Canstar will have complied with its covenants made in the Transaction Agreements (except to the extent that the failure to comply with such covenants has not had or would not have, individually or in the aggregate, a material adverse effect on Canstar or prevent or delay the completion of the Transaction or the other transactions contemplated in the Transaction Agreements), and Canstar will have provided to Adventus Entities, a certificate of the President and Chief Financial Officer of Canstar certifying that Canstar have complied with their covenants made in the Transaction Agreements;

(c) there being no prohibition at law against the completion of the Transaction;

(d) there being no inquiry or investigation (whether formal or informal) in relation to Canstar or its directors or officers, having been commenced or threatened by any securities commission or official of the TSXV or any securities regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on Canstar, its business, assets or financial condition;

(e) from the date hereof up to and including the Closing Date, there will have been no material adverse change in relation to Canstar's business, results of operations, assets, liabilities, financial condition or affairs, financial or otherwise, except for a decrease in Canstar's working capital position reasonably necessary to facilitate the Transaction and to meet Canstar's customary obligations as a listed issuer on the TSXV as a reporting issuer in the Provinces of Alberta, British Columbia and Ontario;

(f) Canstar will have allotted and issued the Canstar Shares to be exchanged for shares of Adventus Newfoundland pursuant to the Transaction as fully paid and non-assessable shares in the capital of Canstar, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature;

(g) Canstar will have delivered duly executed and countersigned certificates representing such Canstar Shares to Adventus in accordance with the terms of the Transaction Agreements;

(h) Canstar will have delivered evidence to Adventus Entities, acting reasonably, of the approval of the listing and posting for trading on the TSXV of the Canstar Shares to be issued pursuant to the Transaction;

(i) the certificates representing the Canstar Shares issued or issuable pursuant to the Transaction will bear such legends as required by Applicable Securities Laws and the polices of the TSXV;

(j) there will be no legal proceedings or regulatory actions or proceedings against Canstar at the Effective Time which may have a material adverse effect on Canstar, its business, assets or financial condition;

(k) Canstar will be in material compliance with the terms of the Transaction Agreements;

(l) Adventus Entities will have received a legal opinion addressed to Adventus Entities and dated on or prior to the Closing Date regarding the Transaction and all the definitive documentation in connection with the Transaction, which opinion will be satisfactory in form and substance in all material respects to Adventus Entities and its counsel, acting reasonably;

(m) there will be no other issued and outstanding securities in the capital of Canstar other than as disclosed in the Transaction Agreements; and

(n) Adventus Entities shall have received a certificate signed by an executive officer of Canstar certifying as to certain customary matters in respect of the above.

The foregoing conditions precedent are for the benefit of Adventus Entities and may be waived, in whole or in part, by Adventus Entities in writing at any time.

Termination Events

The Transaction Agreements may be terminated at any time prior to the Closing Date:

(a) by mutual written consent of Canstar, Adventus Entities and Altius;

(b) by any Party if Shareholders do not approve the Canstar Shareholder Transaction Resolution or any other resolution required in connection with the completion of the Transaction;

(c) by any Party if the Closing Date will not have occurred by May 31, 2018 or by such other date as agreed to by the parties to the Transaction Agreements (the "**Outside Date**"); as at the date of this circular the Parties have agreed to extend the Outside date to July 31, 2018;

(d) by Adventus Entities and/or Altius, if (i) Canstar has not complied in all material respects with its covenants or obligations under the Transaction Agreements; or (ii) any representation or warranty of Canstar set out in the Transaction Agreements will have been at the date hereof untrue or incorrect or will have become untrue or incorrect in a material respect at any time prior to the Effective Time (except for those expressly stated to speak at or as of any earlier time) and such non-compliance or untrue or incorrect representation or warranty (i) would cause the conditions precedents for the completion of Transaction and the conditions in favour of Adventus Entities or /Altius not to be satisfied and (ii) is not curable or, if curable, is not cured by the earlier of such date which is fifteen (15) days from the date of notice of such breach and the Outside Date, except for such non-compliance or untrue or incorrect representations or warranties which, individually or in the aggregate, would not, or would not reasonably be expected to, have a material adverse effect on Canstar, provided that Canstar is not then in material default of any of its covenants or obligations under the Transaction Agreements and such default would, or would reasonably be expected to, prevent or materially delay the completion of the Transaction; and

(e) by Canstar, if (i) Adventus Entities and/or Altius have not complied in all material respects with any of their respective covenants or obligations under the Transaction Agreements; or (ii) any representation or warranty of Adventus Entities and/or Altius set out in the Transaction Agreements will have been at the date hereof untrue or incorrect or will have become untrue or incorrect at any time prior to the Effective Time (except for those expressly stated to speak at or as of any earlier time) and such non-compliance or untrue or incorrect representation or warranty (i) would cause the conditions precedent and conditions in favour of Adventus Entities / or Altius not to be satisfied and (ii) is not curable or, if curable, is not cured by the earlier of such date which is fifteen (15) days from the date of notice of such breach and the Outside Date, except for such non-compliance or untrue or incorrect representations or warranties which, individually or in the aggregate, would not, or would not reasonably be expected to, prevent or materially delay the completion of the Transaction or have a material adverse effect on Adventus and/or Altius, provided that Canstar is not then in material default of any of its covenants or obligations under the Transaction Agreements and such default would, or would reasonably be expected to, prevent or materially delay the completion of the Transaction.

Concurrent Financing

On April 18, 2018, concurrently with the application to the TSXV for approval of the Transaction, Canstar has completed a non-brokered financing conducted through the private placement of subscription receipts of Canstar at the price of $0.06 per Non-Flow-Through Subscription Receipt and of $0.08 per Flow-Through Subscription Receipt for the gross proceeds of $1,500,021. The Private Placement consisted of the sale of 12,500,000 Flow-Through Subscription Receipts and 8,333,699 Non-Flow-Through Subscription Receipts at $0.06 per Non-Flow-Through Subscription Receipt for the gross proceeds of $1,500,021. Upon the completion of the Transaction, each Subscription Receipt issued in connection with the Private Placement shall be exchanged for one Canstar Share with each Flow-Through Subscription Receipt being exchangeable for a Canstar Share issued on a flow-through basis within the meaning of the *Income Tax Act* (Canada). The gross proceeds of the Private Placement less offering costs are currently held in escrow with Capital Transfer Agency Ulc. ("**Capital**"), pursuant to a subscription receipt agreement between Canstar and Capital dated April 17, 2018, pending the completion of the Transaction on or before May 31, 2018 or such other date which the receipt holders, Canstar and Capital Transfer Agency Inc. as the escrow agent may agree upon. As at the date of this circular, the holders of the subscription receipts, Canstar and Capital have agreed to extend the date by which the Transaction needs to be completed to July 31, 2018.

In connection with the Private Placement, Canstar paid eligible finders assisting with portions of the Private Placement a cash commission of $52,806 equal to 6% of the aggregate gross proceeds raised by finders. A total of 754,200 finders' warrants ("**Finders' Warrants**") equal to 6% of subscription receipts raised was paid to finders. Each Finders' Warrant will entitle the holder to purchase one Canstar Share at a price of $0.06 until the date which is twenty-four (24) months following the closing date of the Private Placement, whereupon the Finders' Warrants will expire.

PART IV – RISK FACTORS

Risk Factors Relating to the Transaction

Completion of the Transaction and Exchange Approval

The completion of the Transaction is subject to several certain conditions, including but not limited to: (i) obtaining all necessary regulatory approvals; (ii) the approval of Canstar Shareholders; and (iii) other customary conditions. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained. If the Transaction is not completed for these reasons or for any other reasons, Canstar, Adventus and Altius will have incurred significant costs associated with the failed implementation of the proposed Transaction.

Termination of the Transaction

Each of Canstar, Adventus and Altius has the right to terminate the Transaction in certain circumstances. Accordingly, there is no certainty, nor can the parties provide any assurances that the Transaction will not be terminated by any of Canstar, Adventus or Altius. In addition, the completion of the Transaction is subject to a number of conditions precedent, certain of which are outside the control of Canstar, Adventus and Altius, including shareholder and regulatory approvals as applicable. There is no certainty that these conditions will be satisfied on a timely basis or at all.

Tax Consequences

The transactions described herein may have tax consequences in Canada, or elsewhere, depending on each particular existing or prospective Shareholder's specific circumstances. Such tax consequences are not described herein and this Circular is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Existing and prospective Shareholders should consult their own tax advisors with respect to any such tax considerations.

Risk Factors Relating to the Resulting Issuer

Upon completion of the Transaction, which completion cannot be guaranteed, Canstar, as the Resulting Issuer will be a mining exploration company engaged in on the exploration and, if warranted, development of the newly acquired mineral properties in Newfoundland and Labrador, in addition to the properties interest in which is held by Canstar prior to the completion of the Transaction. Canstar as the Resulting Issuer will be subject to significant risks. The operations of Canstar as the Resulting Issuer will be highly speculative due to the high-risk nature of the mining business. Readers should carefully consider all such risks, including those set out in the discussion below. If any of the following risks actually occur, Canstar as the Resulting Issuer's business, financial condition and operating results could be adversely affected.

Canstar as the Resulting Issuer's actual exploration and operating results may be very different from those expected as at the date of this Information Circular.

Exploration and Mining Risks

Exploration for, and development of, mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Canstar as the Resulting Issuer cannot ensure that its future exploration and development programs will result in profitable commercial mining operations.

Substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically. Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for additional exploration or development will be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; the proximity and capacity of milling facilities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in Canstar as the Resulting Issuer not receiving an adequate return on invested capital.

Canstar as the Resulting Issuer will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed any properties Canstar as the Resulting Issuer may acquire or its operations. These additional costs and restrictions could have an adverse impact on Canstar as the Resulting Issuer's future cash flows, earnings results of operations and financial condition.

Mineral Resources

The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain recoverable ore. As a result, the Company has no current sources of revenue other than interest earned on cash, short-term investments and money market instruments, all of which were derived from issuances of share capital. There are no known deposits of minerals on any of the mineral exploration properties of the Company and any activities of the Company thereon will constitute exploratory searches for minerals.

Future Profits/Losses and Production Revenues/Expenses

There can be no assurance that significant losses will not occur in the near future or that Canstar as the Resulting Issuer will be profitable in the future. Canstar as the Resulting Issuer's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production, if any, of any properties Canstar as the Resulting Issuer owns or may acquire. The amount and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and Canstar as the Resulting Issuer's acquisition of additional properties and other factors, many of which are beyond Canstar's control. There can be no assurance that Canstar as the Resulting Issuer will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Uncertainty of Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. Title to, and the area of, resource claims may be disputed. Although Canstar believes it will have taken reasonable measures to ensure that title to the Adventus Newfoundland Properties and the Daniel's Harbour Project is held as described in this Circular, there is no guarantee that title to any of the claims comprising the Adventus Newfoundland Properties and the Daniel's Harbour Project will not be challenged or impaired. No assurances can be given that title defects to the Adventus Newfoundland Properties and the Daniel's Harbour Project do not exist. There may be valid challenges to the title of any of the concessions and licence agreements comprising Adventus Newfoundland Properties and the Daniel's Harbour Project that, if successful, could impair development and/or operations. A defect could result in Canstar as the Resulting Issuer losing all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates. Also, while Canstar as believes that the registration errors/defects relating to certain non-material properties as described herein will be remedied, there can be no assurance as to timing or successful completion.

If Canstar as the Resulting Issuer fails to meet payments or work commitments required with respect to the Adventus Newfoundland Properties and the Daniel's Harbour Project, Canstar as the Resulting Issuer may lose its interests in the Adventus Newfoundland Properties and the Daniel's Harbour Project and forfeit any funds expended to such time.

See also the discussion above under "*Part IV – Risk Factors – Exploration and Mining Risks*".

Political Risk

Canstar's primary properties will be located in Newfoundland and Labrador and will be subject to changes in political conditions and regulations in Canada. Changes, if any, in mining or investment policies or shifts in political attitude in Canada could adversely affect Canstar's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Canstar's mineral exploration and mining activities in Newfoundland and Labrador may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to Canstar's activities or maintaining its licenses.

Metal and Mineral Price Volatility

The profitability of Canstar's operations will be significantly affected by changes in metal prices and in particular zinc. Metal prices including zinc prices are volatile, can fluctuate substantially and are affected by numerous factors beyond Canstar's control, including industrial demand, inflation and expectations with respect to the rate of inflation, the strength of different currencies, interest rates, sales by central banks, forward sales by producers, global or regional political or economic events, and production and cost levels in major metal producing regions. In addition, metal prices are sometimes subject to rapid short-term changes because of speculative activities. The supply of some metals consists of a combination of new production from mining and existing reserves held by governments, public and private financial institutions, industrial organizations and private individuals. As the amounts of these metals produced in any single year constitute a small portion of the total potential supply of such metals, typical variations in current production do not necessarily have a significant impact on supply or prices.

If metal prices should decline and remain at low market levels for a sustained period, Canstar could determine that it is not economically feasible to commence or continue activities or commercial production.

Additional Funding Requirements

Further exploration on, and development of, Canstar's mineral properties, including the properties interest in which is acquired in connection with the completion of the Transaction, will require additional capital. In addition, a positive production decision at Canstar's mineral properties, including the properties interest in which is acquired in connection with the completion of the Transaction or any other development projects acquired in the future would require significant capital for project engineering and construction. Accordingly, the continuing development of Canstar's properties will depend upon Canstar's ability to obtain financing through debt financing, equity financing, the joint venturing of projects, or other means.

Given the nature of capital market demand for speculative investment opportunities such as mineral projects, there is no assurance that additional financing will be available in the appropriate amount when required. Volatile markets for precious and base metals may make it difficult or impossible for Canstar as the Resulting Issuer to obtain equity financing or debt financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause Canstar as the Resulting Issuer to further postpone its exploration programs, forfeit rights in its project or reduce or terminate some or all of its operations. There is no assurance that Canstar as the Resulting Issuer will be successful in obtaining the required financing for these or other purposes.

Global Financial Conditions

Global financial conditions over the last few years have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. In addition, there have been growing concerns with respect to the ability of European and other countries to service sovereign debt. These factors may affect the ability of Canstar as the Resulting Issuer to obtain equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the operations of Canstar as the Resulting Issuer may suffer adverse impact and the price of Canstar as the Resulting Issuer Shares may be adversely affected.

Dilution

In order to finance future operations and development efforts, Canstar as the Resulting Issuer may raise funds through the issue of Resulting Issuer Shares or securities convertible into Resulting Issuer Shares. The constating documents of Canstar will allow it to issue, among other things, an unlimited number of Common Shares or convertible securities of Canstar for such consideration and on such terms and conditions as may be established by the directors of Canstar as the Resulting Issuer, in many cases, without the approval of shareholders. Canstar cannot predict the size of future issues of Resulting Issuer Shares or securities convertible into Resulting Issuer Shares or the effect, if any, that future issues and sales of Canstar Shares or other securities of Canstar will have on the price of the Common Shares of Canstar. Any transaction involving the issue of previously authorized but unissued Common Shares of Canstar or securities convertible into Common Shares of Canstar would result in dilution, possibly substantial, to present and prospective shareholders of Canstar as the Resulting Issuer.

Regulatory Requirements

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of Canstar as the Resulting Issuer and could adversely affect its operations, business and results of operations.

Government approvals and permits are currently, and may in the future be, required in connection with Canstar's mineral properties, including the properties the interests in which is acquired in connection with the Transaction. To the extent such approvals are required and not obtained, Canstar as the Resulting Issuer may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with Applicable Laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of Applicable Laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on Canstar as the Resulting Issuer and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of properties.

Canstar's material property will be located in Newfoundland and Labrador and as such are subject to the jurisdiction of the laws of Canada. Canstar believes the present attitude to foreign investment and to the mining industry is favourable but conditions may change. Operations may be affected in varying degrees by government regulation with respect to restrictions on production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine safety. These uncertainties may make it more difficult for Canstar as the Resulting Issuer to obtain required production financing for its mineral properties or any other properties it may acquire that go to production.

Environmental Regulations

All of Canstar's operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether. Environmental regulations provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations.

Environmental regulations are evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations or cause delays in the development of mining projects.

Environmental Liability

Canstar may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. In addition, environmental hazards may exist on a property in which Canstar directly or indirectly holds an interest which are unknown to Canstar at present which have been caused by previous or existing owners or operators of the property. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties.

To the extent Canstar is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on Canstar. If Canstar is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on Canstar as the Resulting Issuer.

All of Canstar's exploration, development and production activities will be subject to regulation under one or more of the various provincial, state, federal and other environmental laws and regulations. The current or future operations of Canstar, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance, however, that all permits which Canstar the Resulting Issuer may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Resulting Issuer might undertake.

Canstar must update and review its permits from to time, and is subject to environmental impact analyses and public review processes prior to approval of the additional activities. It is possible that future changes in Applicable Laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of Canstar's business, causing those activities to be economically re-evaluated at that time. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Canstar's operations. Canstar intends to fully comply with all environmental regulations in every country in which it is active.

Risks of Non-Availability of Insurance

Where considered practical to do so, Canstar will maintain insurance against risks in the operation of its business and in amounts that it believes to be reasonable. Such insurance, however, will contain exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, such as with respect to environmental risks, coverage is not available or considered too expensive relative to the perceived risk.

Competition

Canstar's business is intensely competitive and Canstar will compete with other mining companies, many of which have greater resources and experience. Competition in the metals mining industry is primarily for mineral-rich properties which can be developed and can produce economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine metals, but also conduct refining and marketing operations on a world-wide basis. Such competition may result in Canstar being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Canstar's inability to compete with other mining companies for these resources would have a material adverse effect on Canstar's results of operation and business.

Loss of Key Employees

Canstar does and will depend on a number of key employees, the loss of any one of whom could have an adverse effect on Canstar. Canstar will not have and is not expected to purchase key person insurance on such individuals, which insurance would provide Canstar with insurance proceeds in the event of their death. Without key person insurance, Canstar may not have the financial resources to develop or maintain its business until it replaces the individual. The development of the business of Canstar will be dependent on its ability to attract and retain highly qualified management and mining personnel. Canstar will face competition for personnel from other employers. If Canstar is unable to attract or retain qualified personnel as required, it may not be able to adequately manage and implement its business plan.

Conflicts of Interest

Canstar's directors and officers may serve as directors or officers of other natural resource companies or companies providing services to Canstar, including companies set out in "*Part VIII – Information Concerning the Resulting Issuer – Directors, Officers and Promoters*", or they may have significant shareholdings in other resource companies. Situations may arise where the directors and/or officers of Canstar may be in competition with Canstar. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of Canstar's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger projects, permitting involvement in a greater number of projects and reducing financial exposure in respect of any one project. It may also occur that a particular company will assign all or a portion of its interest in a particular project to another of these companies due to the financial position of Canstar making the assignment. In accordance with Applicable Laws, the directors of Canstar are required to act honestly, in good faith and in the best interests of Canstar. In determining whether or not Canstar will participate in a particular project and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Canstar may be exposed and its financial position at that time.

Currency Risk

Currency fluctuations may affect the costs Canstar incurs at its operations and may affect Canstar's operating results and cash flows. Zinc and other metals and mined resources are sold throughout the world based principally on the US dollar price. Fluctuation in these and other currencies coupled with stable or declining metal prices may have an adverse effect on Canstar's earnings, in the event it has any, halt or delay development of new projects, and reduce funds available for further mineral exploration.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. Canstar's financial assets exposed to credit risk will be primarily composed of cash and amounts receivable. While Canstar will attempt to mitigate its exposure to credit risk, there can be no assurance that unexpected losses will not occur. Such unexpected losses could adversely affect Canstar.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Canstar has not entered into any derivative contracts to manage this risk.

Canstar will be exposed to interest rate changes on its investments that are expected to pay interest, and any credit facilities it may have that bear interest at a floating rate. Changes in the prime lending rate would affect earnings and could adversely affect Canstar's profitability.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies (such as Canstar will be), have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur.

Discretion Regarding Use by Resulting Issuer of Available Funds

Canstar currently intends to use its funds as described in this Circular under "*Part VIII – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes – Principal Purposes of Funds*". However, Canstar's management will have discretion in the actual application of available funds. Canstar may elect to allocate available funds differently than as described herein if Canstar believes it would be in Canstar's best interests to do so. The failure by Canstar's management to apply these funds effectively could have a material adverse effect on Canstar, its business or its financial performance.

Forward Looking Statements

Statements contained in this Circular that are not historical facts, but rather are forward looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Without limiting the generality of the foregoing, such risks and uncertainties include interpretation of results and geology, results of pre-feasibility and feasibility studies, recovery, accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in production, delays in exploration or development activities, political risks, the inherent uncertainty or production fluctuations and failure to obtain adequate financing on a timely basis.

PART V – INFORMATION CONCERNING CANSTAR RESOURCES INC.

Corporate Structure

Name and Incorporation

Canstar was amalgamated under the *Business Corporations Act* (Ontario) on April 5, 2005 as a result of the amalgamation of Candor Ventures Corp. and Nustar Resources Inc.

The head office and registered office of Canstar is located at 56 Temperance Street, Suite 1000, Toronto, Ontario, M5H 3V5.

General Development of the Business

History

Canstar formed upon the amalgamation of Nustar Resources Inc. and Candor Ventures Corp. effective April 5, 2005. In accordance with the terms of the amalgamation, shares of Canstar were issued to shareholders of Nustar and Candor on a 1:1 basis. The shares of Canstar began trading on the Exchange under the symbol "ROX" on April 8, 2005 and upon completing the amalgamation Canstar became a reporting issuer in Ontario, Alberta and British Columbia. As a result of that amalgamation, Canstar wholly-owned or had interests in all of the mineral properties formerly held by Nustar and Candor - the core properties of which were located in Manitoba, Ontario, and Newfoundland and Labrador with target mineralizations collectively comprising silver, lead, zinc, copper, gold, cobalt and base metals.

Canstar remains a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in Canada. Its shares continue to be traded on the Exchange under the symbol "ROX" and it remains a reporting issuer in Ontario, Alberta and British Columbia. It holds approximately four core properties located in Ontario and Newfoundland and Labrador which are or were the primary focus of the Company's exploration initiatives during fiscal year 2018. The rights of Canstar to its premiere mineral property, the Mary March Property were acquired in upon assumption in July of 2012 of the option to acquire 50% interest in the Mary March Property form Freeport-McMoRan of Canada Limited, which it held pursuant to a joint venture agreement between Freeport-McMoRan of Canada Limited and Noranda Mining and Exploration Inc. (part of the Xstrata group of companies), a predecessor in rights to the Mary March Property to Glencore PLC, as set out in greater detail below and in Exhibit "A" to this Circular. Canstar also has interest in Kenora Property Slate Bay and Miminska, as set out in more detail below. The target mineralization of those properties are collectively zinc, silver, lead, copper and gold. The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain recoverable ore. As a result, the Company has no current sources of revenue other than interest earned on cash, short-term investments and money market instruments, all of which were derived from issuances of share capital. On February 21, 2018 in its news release, Canstar announced the Transaction and the Private Placement and requested that the trading of its common shares on the TSXV be halted pending the receipt of requisite approvals of the Transaction. On April 17, 2018, Canstar has completed the Private Placement, the gross proceeds of which are held in escrow pending the completion of the Transaction. The Private Placement is described in more detail in subsection "Financing" below.

Mineral Properties – Mary March Project

The technical information in this section concerning the Mary March property, and in section titled "*Part VI– Information Concerning the Target - Adventus Newfoundland - Mineral Properties - Adventus Newfoundland Properties*" concerning the Buchans Property is adopted from the NI 43- 101 technical report on the Mary March and Adventus Newfoundland properties entitled "Technical Report On The Buchans and Mary March Project Areas, Buchans Camp, Newfoundland and Labrador, Canada" prepared for Canstar by Peter Webster, P. Geo., of Mercator Geological Services Limited and with effective date of April 23, 2018, that is made available on Canstar's SEDAR profile at www.sedar.com, and a more detailed summary of which is attached hereto as Exhibit "A" . The adaptation from the Technical Report provided in this section and in section titled "*Part VI– Information Concerning the Target - Adventus Newfoundland - Mineral Properties - Adventus Newfoundland Properties*" is provided with significant abridgements and should be read in the context of and in conjunction with the Technical Report.

Located in central Newfoundland, 20 km northeast of, and within the same geological group that hosts the former producing Buchans mine, the Mary March property (the "**Mary March Property**") is the premier mineral property of Canstar. The Mary March Property is controlled by Canstar through a joint venture between Canstar (56%) and Glencore PLC (44%). Canstar has the right-of-first refusal to acquire the remaining interest from Glencore PLC ("**Glencore**").

Canstar's Mary March Property consists of 3 mineral licences and 4 fee simple mining grants comprising about 3,536 hectares ("ha") and all claims are part of a joint interest with Glencore (see table "Canstar Mineral Licences and Mining Grants Mary March Property" below). In 2012 Canstar completed the purchase of the 50% joint venture interest from Freeport-McMoRan of Canada Ltd. ("Freeport"; formerly Phelps Dodge Corporation of Canada Ltd.). The remaining 50% joint venture interest is currently held by Glencore (formerly Xstrata Zinc Canada, "Xstrata"). Canstar is both the operator and manager of exploration on the Mary March Property.

Canstar Mineral Licences and Mining Grants Mary March Property

Licence or Mining Grant	Number of Claims	Area (ha)	Issuance Date	Renewal Date	Map Sheet
020396M	6	150	30/07/201 2	28/09/202 2	12A/15
020397M	1	25	30/07/201	30/07/202	12A/15

			2	2	
020398M	75	1,875	30/07/201 2	30/07/202 2	12A/15
Fee Simple Mining Grant Reid Lot 247	n/a	345	Fee Simple		12A/15
B.E.S. Dunfield Fee Simple Mining Grant Vol.2, Folio 29, Lot 1	n/a	125	Fee Simple		12A/15
B.E.S. Dunfield Fee Simple Mining Grant Vol.2, Folio 29, Lot 2	n/a	383	Fee Simple		12A/15
B.E.S. Dunfield Fee Simple Mining Grant Vol.2, Folio 29, Lot 4	n/a	633	Fee Simple		12A/15
Total	**82**	**3,536**			

Canstar earned the initial 50% interest in the Mary March joint venture and the Mary March Property pursuant to the Exploration Option and Operating Joint Venture Agreement between Freeport and Noranda Mining and Exploration Inc., (part of the Xstrata group of companies) dated June 2, 1998, as amended, upon incurring $1.5 million in expenditures incurred on the Mary March Property. Pursuant to a subsequent agreement among Canstar and Glencore, the parties to the joint venture hold the interest in the Mary March Property on the 56% /44% basis with Canstar holding 56%.

For a detailed description of the Mary March Property, including the discussion of the description of the following aspects:

a. Property Description and Location;
b. Accessibility, Climate, Local Resources, Infrastructure and Physiography;
c. History;
d. Geological Setting and Mineralization;
e. Deposit Types;
f. Drilling;
g. Data Verification;
h. Sample Preparation, Analyses and Security;
i. Mineral Processing and Metallurgical Testing;
j. Mineral Resource Estimates; and
k. Recommendations,

as these relate to the Mary March Property, please refer to the summary of the Technical Report attached as Exhibit "A" hereof.

Other Properties

Other Properties - Kenora Gold

Canstar has acquired several properties in the Kenora, Ontario area, collectively called the Kenora Gold Project. The Kenora Gold Project represents four separate properties made up of 19 mining claim blocks comprised of 182 units for an area of 7,280 hectares. The properties are situated in the Wabigoon sub-province, and located approximately 20 km east of the Town of Kenora.

The Kenora Gold Project represents an area of historic mining during the 19th and early 20th century, and has seen little exploration since that time. During its time of production, the area accounted for 55% of gold production in Ontario. Geologically the properties occur near the boundary of the English River and Wabigoon subprovinces. Gold occurrences on the Project are typically high-grade and associated with regionally extensive shear zones, as well as dilational breccias.

Other Properties – Miminska

Wholly owned by Canstar, the Miminiska Lake gold property located east of Pickle Lake in northwestern Ontario hosts high grade gold and visible gold in a geological setting directly analogous to Placer Dome's plus 200,000 ounce per year Musselwhite Mine in the same general area. Soil sampling in 2003 identified a large gold anomaly on the property. A seven-hole drill program to test geophysical targets was completed on the property in March 2005, with disappointing results. The Company is hoping to interest other companies in a joint venture for the next phase of exploration.

Other Properties – Slate Bay

The Slate Bay property is located along the Red Lake "Mine Trend". Previous exploration on the property has intersected thick zones of copper-gold mineralization hosted by breccias and veins.
Previous drill programs on the Slate Bay project identified a large copper-gold-silver mineralized skarn system, considered to be the most intense ever encountered in the Red Lake mining camp. Grades of up to 7.2 g/t gold, 5.81% copper and 183 g/t silver were identified within considerably longer sections of lower grade material attaining widths of over 100m. The discovery zone comprises a thick, roughly tabular shaped package of steeply dipping skarn, including a mineralized breccia. The Induced Polarization (IP) anomaly related to the skarn has been traced on surface for over 1 km but tested to date by drilling over just 200m of strike length, and to a vertical depth of 130m. The skarn assemblage remains open in both directions along strike and down-dip. Canstar owns a 75% interest in the Slate Bay project with Luxor Explorations Inc, a privately held company, owning the remaining 25%.

Skarn deposits represent an important source of copper, gold and silver worldwide. At Slate Bay, a large mineralized system of considerable thickness has been identified, with the potential to host a large-tonnage, low-grade deposit containing high-grade zones. Skarns typically form at or near the contact between carbonate-rich rocks and an intrusive body and tend to be zoned, with metal grades generally increasing with proximity to the intrusion. At Slate Bay, the causative intrusion has not been identified at surface and is therefore postulated to occur at depth. Should this be the case, grades at Slate Bay might also be expected to increase with depth. Previous work supports this as the highest grade samples returned to date from Slate Bay have come from the deepest hole.

The technical information in this section "Other Properties" has been approved by David Palmer, a Qualifying Persons under NI43-101

Financing

On April 18, 2018, concurrently with the application to the TSXV for approval of the Transaction, Canstar has completed a non-brokered financing conducted through the private placement of subscription receipts of Canstar at the price of $0.06 per Non-Flow-Through Subscription Receipt and of $0.08 per Flow-Through Subscription Receipt for the gross proceeds of $1,500,021. The Private Placement consisted of the sale of 12,500,000 Flow-Through Subscription Receipts and 8,333,699 Non-Flow-Through Subscription Receipts at $0.06 per Non-Flow-Through Subscription Receipt for the gross proceeds of $1,500,021. Upon the completion of the Transaction, each Subscription Receipt issued in connection with the Private Placement shall be exchanged for one Canstar Share with each Flow-Through Subscription Receipt being exchangeable for a Canstar Share issued on a flow-through basis within the meaning of the *Income Tax Act* (Canada). Assuming the completion of the Transaction, the aggregate of

20,833,699 Canstar Shares will be issued in exchange of subscription receipts issued in connection with the Private Placement, of which 12,500,000 Canstar Shares will be issued on a flow-through basis.

The gross proceeds of the Private Placement less offering costs are currently held in escrow with Capital pursuant to a subscription receipt agreement between Canstar and Capital dated April 17, 2018, pending the completion of the Transaction on or before May 31, 2018 or such other date which the receipt holders, Canstar and Capital Transfer Agency Inc. as the escrow agent may agree upon. As at the date of this circular, the holders of the subscription receipts, Canstar and Capital have agreed to extend the date by which the Transaction needs to be completed to July 31, 2018.

In connection with the Private Placement, Canstar paid eligible finders assisting with portions of the Private Placement a cash commission of $52,806 equal to 6% of the aggregate gross proceeds raised by finders. A total of 754,200 Finders' Warrants equal to 6% of subscription receipts raised was paid to finders. Each Finders' Warrant will entitle the holder to purchase one Canstar Shares at a price of $0.06 until the date which is twenty-four (24) months following the closing date of the Private Placement, whereupon the Finders' Warrants will expire.

Selected Financial Information and Management's Discussion and Analysis

Selected Financial Information

	Nine Months Ended March 31, 2018	Year Ended June 30, 2017 (audited)	Year Ended June 30, 2016 (audited)
Total Expenses	$56,579	$447,304	$271,928
Amounts deferred in connection with the Transaction	$Nil	$Nil	$Nil

Management's Discussion and Analysis

Canstar's MD&A for the nine months period ended March 31, 2018 and the year ended June 30, 2017 and 2016 are attached to this Information Circular as Exhibit "B", and should be read in conjunction with this Information Circular. The annual financial statements of the Corporation included in this Information Circular are for the years ended June 30, 2017 and 2016.

Pro forma financial statements for Canstar as the Resulting Issuer, after giving effect to the Transaction, are attached to this Circular as Exhibit "D".

Description of Securities

Share Capital

The table below presents Canstar's Common Share and convertible securities data as of the date of this Information Circular and on a pre-consolidated basis:

	Number of common shares
Common Shares	102,808,522
Subscription Receipts convertible upon completion of the Transaction into Common Shares	20,833,699
Finders warrants issued to finders in connection with the Private Placement, exercisable into Common Shares	754,200

Common Share Purchase Warrants	3,168,346
Stock Options	5,437,500
Total:	133,002,267

Holders of Canstar Shares are entitled to one vote per share at all meetings of Shareholders. As a class, the Shareholders are entitled to receive any dividend declared by the Board of Directors. As a class, the holders have the right to receive the remaining property of Canstar in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

The table below sets forth the outstanding Canstar stock options, exercise price and expiry date.

	Number of Options	Exercisable Options	Exercise Price	Expiry Date
	100,000	100,000	$0.10	July 17, 2018
	2,400,000	2,400,000	$0.05	December 11, 2019
	2,437,500	2,437,500	$0.11	January 3, 2022
Total:	**5,437,500**	**5,437,500**	**$0.08**	

The table below sets forth the outstanding warrants, exercise price and expiry date.

	Number of Warrants	Black-Scholes Valuation	Exercise Price	Expiry Date
	3,040,200	$48,685	$0.175	May 2, 2019
Total:	3,040,200	$48,685	**$0.175**	

There are no other outstanding options, warrants, conversion privileges, rights, agreements, understandings, commitments or other obligations (whether by law, pre-emptive or contractual) of Canstar to: (i) issue, sell or deliver any shares or other ownership interests in Canstar or securities or obligations of any kind convertible into or exchangeable for shares or other ownership interests in Canstar; or (ii) acquire any shares of or ownership interests in any other person.

Stock Option Plan

Canstar currently has no long term incentive plans other than stock options granted from time to time by the Board under the provisions of the Company's incentive stock option plan (the "**Stock Option Plan**"). The Shareholders first approved the Stock Option Plan at the annual and special meeting of Shareholders held on November 14, 2005, and the Stock Option Plan was amended on December 15, 2005, December 21, 2012 and further amended on December 11, 2014. The purpose of the Stock Option Plan is to encourage Canstar Common Share ownership by directors, officers, employees and consultants of the Company and its affiliates, and by other designated persons. The Compensation Committee believes that the Stock Option Plan aligns the interests of NEOs with those of Shareholders by linking a component of executive compensation to the longer term performance of the Common Shares. Eligibility for participation in the Stock Option Plan is restricted to directors, officers, employees and consultants of the Company and its affiliates, and to other designated persons. The maximum number of Common Shares available for grant under the Stock Option Plan (and under all other management option and employee share purchase plans) is currently 15,000,000, with 5% of the number of issued and outstanding Common Shares on the grant date being the maximum grant with respect to any one optionee. The term of any options granted under the Stock Option Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of five years. The exercise price of any option granted under the Stock Option Plan may not be less than fair market value (e.g. the prevailing market price) of the Common Shares at the time the option is granted, less any permitted discount. No vesting requirements will apply to options granted under the Stock Option Plan, though a four-month hold period commencing from the date of grant will apply to all Common Shares issued upon each exercise. All options are non-transferable. The options are subject to early termination upon the termination of the optionee's employment, the optionee ceasing to be a director and/or officer of the Company, or the retirement, permanent disability or death of the optionee. The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of options granted under the Stock Option Plan. Previous grants of options are not taken into account when considering new grants.

Prior Sales

Other than 12,500,000 Flow Through Subscription Receipts issued at $0.08 per Flow-Through Subscription Receipt on April 17, 2018 including 6,250,000 Flow-Through Subscription Receipts issued to Altius and 8,333,699 Non-Flow-Through Subscription Receipts issued at $0.06 per Non-Flow-Through Subscription Receipt on April 17, 2018, Canstar has not issued any securities within the 12 months preceding this Information Circular.

Upon completion of the Transaction, assuming receipt of requisite approvals, each one Subscription Receipt will convert into one Canstar Share. For more information on the Private Placement, please refer to section titled: "*Part III – Information Concerning The Transaction - Concurrent Financing*".

Stock Exchange Price

Canstar Shares are listed and posted for trading on the Exchange under the symbol "ROX". The following table provides the price range and volume for the Common Shares for the periods indicated on a quarterly or monthly basis as applicable. On February 20, 2018, upon the request of Canstar, in connection with the application of Canstar to the TSXV for approval of the Transaction, the trading of Canstar Shares has been halted pending the approval of the Transaction.

Period	High ($)	Low ($)	Volume
Q3 – 2016	0.07	0.04	3003100
Q4 – 2016	0.12	0.06	2587400
Q1 – 2017	0.18	0.09	5828900
Q2 – 2017	0.16	0.08	3084000
Q3 – 2017	0.23	0.11	7234100
Q4 – 2017	0.13	0.07	3571700
Q1 – 2018	0.10	0.06	1742000
Q2 – 2018	0.08	0.04	6356800
January, 2018	0.08	0.05	993300
February, 2018	0.08	0.05	509100

Executive Compensation

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about Canstar's executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company's Chief Executive Officer, Chief Financial Officer, and, if applicable, its three most highly compensated individuals acting as, or in a like capacity as, executive officers of the Company whose total compensation for the most recently completed financial year was individually equal to more than $150,000 (the "**NEOs**" or "**Named Executive Officers**"), during the Company's most recently complete financial year, being the financial year ended June 30, 2017. The only NEOs during the last financial year were Danniel J. Oosterman, President and Chief Executive Officer, and John E. Hurley, Chief Financial Officer. On November 27, 2017, Canstar announced the retirement of Danniel J. Oosterman as an officer and director. Mr. Dennis H. Peterson has been appointed as an acting President and Chief Executive Officer of Canstar following Mr. Oosterman's retirement.

Summary Compensation Table for NEOs

The following table sets forth information concerning the compensation paid, awarded or earned by Canstar's NEOs for services rendered in all capacities to the Company during the three most recently completed financial years:

Name and Principal Position	Year	Salary ($)	Share-based awards ($)	Option-based awards[1] ($)	Non-equity incentive plan compensation ($)		Pension Value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long term incentive plans			
Danniel J. Oosterman[6] *President & Chief Executive Officer*	2017	100,000	Nil	43,000[2]	Nil	Nil	Nil	30,000[5]	173,000
	2016	100,000	Nil	14,605[4]	Nil	Nil	Nil	Nil	114,605
	2015	100,000	Nil	18,750[3]	Nil	Nil	Nil	Nil	118,750
John E. Hurley *Chief Financial Officer*	2017	Nil	Nil	43,000[2]	Nil	Nil	Nil	Nil	43,000
	2016	Nil	Nil	7,789[4]	Nil	Nil	Nil	Nil	7,789
	2015	Nil	Nil	10,000[3]	Nil	Nil	Nil	Nil	10,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Grant date fair value calculations are based on the Black-Scholes Option Pricing Model. Option-pricing models require the use of highly subjective estimates and assumptions including expected share price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's option-based awards.

(2) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 108% expected volatility; risk-free interest rate of 1.14% per annum; and an expected dividend yield of 0%.

(3) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 103% expected volatility; risk-free interest rate of 0.81% per annum; and an expected dividend yield of 0%.

(4) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 4 year expected term; 114% expected volatility; risk-free interest rate of 0.71% per annum; and an expected dividend yield of 0%.

(5) This amount represents an annual performance bonus.

(6) On November 27, 2017, Canstar announced the retirement of Danniel J. Oosterman as an officer and director. Mr. Dennis H. Peterson has been appointed as an acting President and Chief Executive Officer of Canstar following Mr. Oosterman's retirement.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table provides information regarding the incentive plan awards for each NEO outstanding as of June 30, 2017:

Name and Principal Position	Option-based awards			
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[(1)] ($)
Danniel J. Oosterman [(2)] *President & CEO*	500,000 500,000 750,000	0.11 0.10 0.05	January 3, 2022 May 1, 2018 December 11, 2019	Nil Nil 15,000
John E. Hurley *Chief Financial Officer*	500,000 400,000	0.11 0.05	January 3, 2022 December 11, 2019	Nil 8,000

Note:

(1) Aggregate dollar amount of in-the-money unexercised options held as at June 30, 2017. This figure is computed based on the difference between the market value of the Common Shares on the TSXV as at June 30, 2017 and the exercise price of the option. The closing price of the Common Shares on the TSXV on June 30, 2017 was $0.07.

(2) On November 27, 2017, Canstar announced the retirement of Danniel J. Oosterman as an officer and director. Mr. Dennis H. Peterson has been appointed as an acting President and Chief Executive Officer of Canstar following Mr. Oosterman's retirement.

Value Vested or Earned During the Year

The following table provides information regarding the value vested or earned on incentive plan awards for each NEO during the year ended June 30, 2017:

Name and Principal Position	Option-based awards - Value vested during the year[(1)] ($)	Share-based awards - Value vested during the year ($)	Non-equity incentive plan compensation - Value earned during the year ($)
Danniel J. Oosterman *President & Chief Executive Officer*	Nil	N/A	Nil
John E. Hurley *Chief Financial Officer*	Nil	N/A	Nil

Note:

(1) Calculated based on the closing price of the Common Shares on the TSXV at the vesting date less the exercise price of the vested options multiplied by the number of vested options.

Employment Agreements and Termination and Change of Control Benefits

There are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from Canstar the event of the resignation, retirement or other termination of the NEO's employment with Canstar, change of control of Canstar, including in connection with the Transaction, or a change in the NEO's responsibilities following a change in control.

Pension Plan Benefits

There are no pension plan benefits, pension plans or retirement plans in place for the NEOs.

Director Compensation

Director Compensation Table

At present, Canstar does not pay its directors any fees for their services in such capacities. The following table describes the compensation of independent directors for the year ended June 30, 2017:

Name[(1)]	Fees earned ($)	Option-based awards ($)	All other compensation ($)	Total compensation[(2)] ($)
Patrick Reid	Nil	30,100[(3)]	Nil	Nil
David Palmer	Nil	25,800[(3)]	Nil	Nil
Dennis H. Peterson	Nil	51,600[(3)]	$27,038[(4)]	Nil

Notes:

(1) *Mr. Hurley was a director and NEO during the year ended June 30, 2017. Any compensation received by him in his capacity as a director of Canstar is reflected in the Summary Compensation Table for the NEOs elsewhere in this Circular.*

(2) *Directors are reimbursed for all reasonable expenses incurred in the performance of their duties as directors of Canstar. The table does not include any amounts paid as reimbursement for expenses.*

(3) *The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 108% expected volatility; risk-free interest rate of 1.14% per annum; and an expected dividend yield of 0%.*

(4) *Fees incurred to Peterson McVicar LLP for legal services rendered to the Company. Mr. Peterson is the principal of Peterson McVicar LLP.*

Option-Based Awards to Directors

The following table provides information regarding the incentive plan awards for each director outstanding as of June 30, 2017:

	Option-based awards			
Name[(1)]	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date ($)**	**Value of unexercised in-the-money options[(2)]**
Patrick Reid	350,000 300,000	0.11 0.05	January 3, 2022 December 11, 2019	Nil 6,000
David Palmer	300,000 300,000	0.11 0.05	January 3, 2022 December 11, 2019	Nil 6,000
Dennis H. Peterson	600,000 300,000	0.11 0.05	January 3, 2022 December 11, 2019	Nil 6,000

Notes:

(1) *Mr. Hurley was a director and NEO during the year ended June 30, 2017. Any compensation received by him in his capacity as a director of Canstar is reflected in the Summary Compensation Table for the NEOs elsewhere in this Circular.*

(2) *Aggregate dollar amount of in-the-money unexercised options held as at June 30, 2017. This figure is computed based on the difference between the market value of the Common Shares on the TSXV as at June 30, 2017 and the exercise price of the option. The closing price of the Common Shares on the TSXV on June 30, 2017 was $0.07.*

Value Vested or Earned During the Year

Options granted to the directors of Canstar vest at the time of grant. Because the exercise price of options at the time of grant is set at or above the market price of Canstar Shares on the grant date, the value of these incentive stock option grants at the time of vesting is $nil.

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended June 30, 2017:

Name(1)	Option-based awards - Value vested during the year(2) ($)	Share-based awards - Value vested during the year ($)	Non-equity incentive plan compensation - Value earned during the year ($)
Patrick Reid	Nil	Nil	Nil
David Palmer	Nil	Nil	Nil
Dennis H. Peterson	Nil	Nil	Nil

Notes:

(1) Mr. Hurley was a director and NEO during the year ended June 30, 2017. Any compensation received by him in his capacity as a director of Canstar is reflected in the Summary Compensation Table for the NEOs elsewhere in this Circular.

(2) Calculated based on the closing price of the Common Shares on the TSXV at the vesting date less the exercise price of the vested options multiplied by the number of vested options.

Outstanding Option-Based Awards

The following table provides information regarding the incentive plan awards for each NEO outstanding as of June 30, 2017:

Name and Principal Position	Option-based awards			
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options(1) ($)
Danniel J. Oosterman(3) *President & CEO*	500,000 500,000 750,000	0.11 0.10 0.05	January 3, 2022 May 1, 2018 December 11, 2019	Nil Nil 15,000
John E. Hurley(2) *CFO*	500,000 400,000	0.11 0.05	January 3, 2022 December 11, 2019	Nil 8,000
Patrick Reid	350,000 300,000	0.11 0.05	January 3, 2022 December 11, 2019	Nil 6,000
David Palmer	300,000 300,000	0.11 0.05	January 3, 2022 December 11, 2019	Nil 6,000
Dennis H. Peterson	600,000 300,000	0.11 0.05	January 3, 2022 December 11, 2019	Nil 6,000

Note:

(3) Aggregate dollar amount of in-the-money unexercised options held as at June 30, 2017. This figure is computed based on the difference between the market value of the Common Shares on the TSXV as at June 30, 2017 and the exercise price of the option. The closing price of the Common Shares on the TSXV on June 30, 2017 was $0.07.

(4) Mr. Hurley was a director and NEO during the year ended June 30, 2017. The aggregate compensation received by him is reflected in this table.

(5) On November 27, 2017, Canstar announced the retirement of Danniel J. Oosterman as an officer and director.

Value Vested or Earned During the Year

No value vested as the result of the granting of options to directors or executives during year ended June 30, 2017.

Corporate Governance Practices

Compensation Committee

The Compensation Committee of the Board is responsible for ensuring that the Company has in place an appropriate plan for executive compensation, and for making recommendations to the Board with respect to the compensation of the Company's executive officers. The Compensation Committee ensures that the total compensation paid to the Company's NEOs is fair, reasonable, and consistent with the Company's compensation philosophy.

Compensation plays an important role in achieving short and long term business objectives that ultimately drive business success. The Company's compensation philosophy is to foster entrepreneurship at all levels of the organization through, among other things, the granting of stock options as a significant component of executive compensation. This approach is based on the assumption that the performance of the Common Share price over the long term is an important indicator of long term performance.

The Company's compensation philosophy is based on the following fundamental principles:

1. *Compensation programs align with Shareholder interests* – the Company aligns the goals of executive officers with maximizing long term Shareholder value;

2. *Performance-sensitive* – compensation for executive officers should be linked to the operating and market performance of the Company and should fluctuate with performance; and

3. *Offer market-competitive compensation to attract and retain talent* – the compensation program should provide market-competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives, and to attract new individuals of the highest calibre.

The objectives of the compensation program in compensating NEOs were developed based on the above-mentioned compensation philosophy and are as follows:

- to attract and retain highly qualified executive officers;

- to align the interests of executive officers with Shareholders' interests and with the execution of the Company's business strategy;

- to evaluate performance on the basis of key measurements that correlate to long term Shareholder value; and

- to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

Competitive Compensation

Aggregate compensation for NEOs is designed to be competitive. The Compensation Committee reviews compensation practices of similarly situated companies in determining compensation policy. Although the Compensation Committee reviews each element of compensation for market competitiveness, and it may weigh a particular element more heavily based on a NEO's role within the Company, it is primarily focused on remaining competitive in the market with respect to total compensation.

Prior to making its decisions, the Compensation Committee reviews data related to compensation levels and programs of various companies that are similar in size to the Company and that operate within the mining exploration and development industry. These companies are used as the Company's primary peer group because they have similar business characteristics or because they compete with the Company for employees and investors. The Compensation Committee also relies on the experience of its members as officers and/or directors of other companies in similar lines of business as the Company when assessing compensation levels, these companies include Probe Metals Inc. (TSXV); Rubicon Minerals Corporation (TSX); and Angus Ventures Inc. (TSXV).

The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar revenues and business characteristics;

- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and

- establish a basis for developing salary adjustments and short term and long term incentive awards for the Compensation Committee's approval.

Aligning the Interests of NEOs with the Interests of the Company's Shareholders

The Company believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for NEOs. The Company's objective is to establish benchmarks and targets for NEOs which, if achieved, will enhance Shareholder value.

A combination of fixed and variable compensation is used to motivate executive officers to achieve overall corporate goals. For the 2017 financial year, the three basic components of executive compensation were:

- fixed (base) salary;

- annual incentives (cash bonus); and

- option-based compensation.

Fixed salary comprises a portion of the total cash-based compensation; however, annual incentives and option-based compensation represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on: (i) whether the executive officer is able to meet or exceed his or her applicable performance targets; and (ii) the market performance of the Common Shares. To date, no specific formulae have been developed to assign a specific weighing to each of these components. Instead, the Board considers each performance target and the Company's performance and assigns compensation based on this assessment and the recommendations of the Compensation Committee.

The Compensation Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Company believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Company does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Company as of the date of hereof, no director or NEO of the Company has participated in the purchase of such financial instruments.

Base Salary

The Compensation Committee and the Board approve salary ranges for the NEOs. The base salary review for NEOs is based on an assessment of factors such as current competitive market conditions, compensation levels within the peer group, and particular skills such as leadership ability and management effectiveness, experience, responsibility, and proven or expected performance. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers is consistent with the administration of salaries for all other employees. The Company does not currently pay either of the NEOs a base salary.

Annual Incentives

The Company is not currently awarding any annual incentives by way of cash bonuses. However, the Company, in its discretion, may award such incentives in order to motivate executive officers to achieve short term corporate goals. The Compensation Committee and the Board approve any annual incentives.

The success of a NEO in achieving his individual objectives and his contribution to the Company in reaching its overall goals are factors in the determination of that NEO's annual bonus. The Compensation Committee assesses a NEO's performance on the basis of his contribution to the achievement of predetermined corporate objectives, as well as to needs of the Company that arise on a day-to-day basis. This assessment is used by the Compensation Committee in developing its recommendations to the Board with respect to the determination of annual bonuses for the NEOs. Where the Compensation Committee cannot unanimously agree, the matter is referred to the full Board for decision. The Board relies heavily on the recommendations of the Compensation Committee in granting annual incentives.

The Board approves targeted amounts of annual incentives for NEOs at the beginning of each financial year. The targeted amounts are determined by the Compensation Committee based on a number of factors, including comparable compensation at similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities, will trigger the award of a bonus payment to the NEOs. NEOs will receive a partial or full incentive payment depending on the number of predetermined targets met and the Compensation Committee's and Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and it reserves the right to make positive or negative adjustments to any bonus payment if considered appropriate.

Option-Based Compensation

See "*PART V – INFORMATION CONCERNING CANSTAR RESOURCES INC. – Stock Option Plan*"

Compensation Risk Considerations

The Compensation Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Company believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Company does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Company, as of the date of hereof, no NEO or director of the Company has participated in the purchase of such financial instruments.

Base salaries, if any, are fixed in amount thus do not encourage risk taking. While annual incentive awards focus on the achievement of short term or annual goals and short-term goals may encourage the taking of short-term risks at the expense of long term results, the Company's annual incentive award program does not represent a significant percentage of employee's potential compensation opportunities. Annual incentive awards are based on various personal and company-wide achievements. Such performance goals are subjective and include achieving individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities which would trigger the award of a bonus payment to the NEO. The determination as to whether a target has been met is ultimately made by the Board (after receiving recommendations of the Compensation Committee) and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. Funding of the annual incentive awards is capped at the company level and the distribution of funds to the executive officers is at the discretion of the Compensation Committee.

Stock option awards are important to further align employees' interests with those of the Shareholders. The ultimate value of the awards is tied to the Company's stock price and since awards are staggered and subject to long-term vesting schedules, they help ensure that NEOs have significant value tied in long-term stock price performance.

Pension Plan Benefits

There are no pension plan benefits, pension plans or retirement plans in place for the Named Executive Officers.

Termination and Change of Control Benefits

There are currently no written or oral agreements, obligations or understandings providing for termination or other payments to any director, officer or employee of Canstar on a change of control of Canstar.

Management Contracts

Management functions of Canstar are, and since the beginning of the most recently completed financial year have been, performed by the directors and executive officers of Canstar, and are not to any substantial degree performed by any other person or corporation.

Non-Arm's Length Transaction

Canstar has not engaged in any Non-Arm's Length Transaction within 24 months of the date of the Circular.

Arm's Length Transaction

Canstar is an arm's length party to both Adventus and Altius.

Legal Proceedings

There is no claim, suit, action, arbitration, review, proceeding or investigation pending, or to the knowledge of Canstar, threatened by or against Canstar or affecting any of its properties, assets or businesses before or by any Governmental Authority that if adversely determined, individually or in the aggregate, would have a material adverse effect on Canstar or prevent or delay consummation of the Transaction or the other transactions contemplated by the Transaction Agreements, nor to the knowledge of Canstar is there any basis for any such claim, suit, action, arbitration, review, proceeding or investigation, other than a proposed contentious claim made by Stephen Harris, holder of surface rights in the Mary March Project, claiming access payments for the right to use the existing access road to Mary March Wilderness Park for the purpose of drilling mineral test holes.

Canstar is not subject to any outstanding judgment, order, award, writ, injunction or decree which would have a material adverse effect on Canstar or prevent or delay the consummation of the Transaction or the other transactions contemplated by this Agreement.

Auditor, Transfer Agents and Registrar

The auditor of Canstar is MNP LLP, located at 50 Burnhamthorpe Road West, Suite 900, Mississauga, ON L5B 3C2.

The transfer agent and registrar of Canstar is transfer agent and registrar, TSX Trust Company ("**TSX Trust**"), at 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1.

Material Contracts

Canstar has not entered into any material contracts, except in the ordinary course of business, other than the Transaction Agreements. A copy of the Transaction Agreement is available for review at Canstar's SEDAR profile at www.sedar.com.

PART VI – INFORMATION CONCERNING THE TARGET

Adventus Newfoundland

Corporate Structure

Name and Incorporation

Adventus Newfoundland Corporation was incorporated under the Corporations Act (Newfoundland and Labrador) on October 24, 2016.

The registered office of Adventus Newfoundland is located at 66 Kenmount Road, Suite 202, St. John's, Newfoundland and Labrador, A1B 3V7, while its head office is at 220 Bay Street, Toronto, Suite 550, Ontario M5J 2W4.

Intercorporate Relationships

Adventus Newfoundland, is at the time of this Circular, a wholly-owned subsidiary of Adventus, which, in addition to Adventus Newfoundland, has another wholly-owned subsidiary Adventus Zinc Ireland Limited which was incorporated in Ireland, and an 80% owned subsidiary Minera Dos Gemas M2G S.A., which was incorporated in Ecuador

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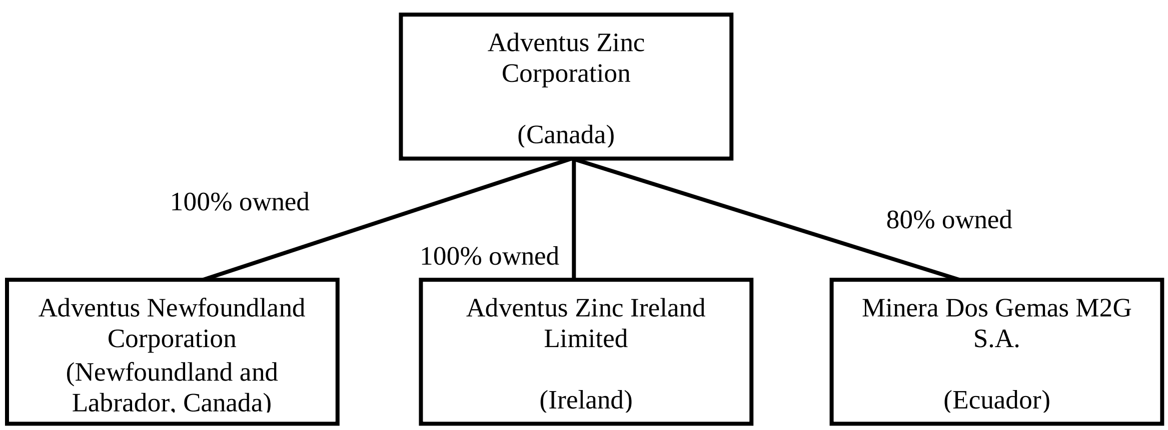


General Development of the Business

History

Shortly after the incorporation of Adventus Newfoundland on October 24, 2016, pursuant to an agreement of purchase and sale dated November 16, 2016 between Altius and Adventus Newfoundland, then a wholly-owned subsidiary of Altius, Altius transferred to Adventus Newfoundland the Adventus Newfoundland Properties, subject to the retention of a 2% net smelter returns royalty by Altius, in exchange for common shares of Adventus Newfoundland. Adventus Newfoundland and Altius also entered into a royalty agreement dated November 16, 2016 (the "**Newfoundland Royalty Agreement**") setting forth the terms under which Altius retains such 2% net smelter returns royalty on production of mineral products from the Adventus Newfoundland Properties, subject to reduction for underlying royalty obligations on certain claims forming part of the Katie project which Adventus

Newfoundland has acquired. The Newfoundland Royalty Agreement provides for an area of interest around each of the Adventus Newfoundland Properties and prohibits the granting of further royalties on the Adventus Newfoundland Properties.

Following the acquisition of the Adventus Newfoundland Properties by Adventus Newfoundland, Adventus and Altius entered into an agreement of purchase and sale dated December 9, 2016 pursuant to which Adventus acquired all of the outstanding shares of Adventus Newfoundland from Altius in consideration of the issuance of 3,570,000 Adventus common shares to Altius.

Narrative Description of the Business

Adventus Newfoundland is a mineral exploration and development company that is focused on the exploration and development of its Adventus Newfoundland Properties located in the Province of Newfoundland and Labrador. Adventus Newfoundland is considered to be in the exploration stage and has not earned any revenue.

Mineral Properties - Adventus Newfoundland Properties

The Adventus Newfoundland Properties comprise Buchans, La Poile, and Katie projects.

Buchans

The technical information in this section concerning the Buchans Property, and in section titled "*Part V – Information Concerning Canstar Resources Inc. - Mineral Properties – Mary March Project*" concerning the Mary March Project is adopted from the NI 43-101 technical report on the Mary March and Adventus Newfoundland properties entitled "Technical Report On The Buchans and Mary March Project Areas, Buchans Camp, Newfoundland and Labrador, Canada" prepared for Canstar by Peter Webster, P. Geo., of Mercator Geological Services Limited and with effective date of April 23, 2018, that is made available on Canstar's profile Canstar's SEDAR profile at www.sedar.com and a more detailed summary of which is attached hereto as Exhibit "A" . The adaptation from the Technical Report provided in this section and in section titled "*Part VI– Information Concerning the Target - Adventus Newfoundland - Mineral Properties - Adventus Newfoundland Properties*" is provided with significant abridgements and should be read in the context of and in conjunction with the Technical Report.

Adventus holds a 100% in the properties included in the Adventus Newfoundland Buchans Property holdings in central Newfoundland. The Buchans Property consists of 13 map staked mineral licenses comprising a total of 1349 map staked claims covering an area of 33,725 hectares and licenses are currently held by Adventus Newfoundland. These holdings are located on NTS map sheets 12A/10, 12A/14, 12A/15 and 12A/16. The Details of Buchans Property Adventus Newfoundland holdings are summarized in the table below titled "Summary of Buchans Property Mineral Rights".

Summary of Buchans Property Mineral Rights

License Number	Number of Claims	Number of Hectares	Date	Renewal Date	NTS Map Sheet
022217M	2	50	12/06/2014	12/06/2019	12A/15
022222M	2	50	12/06/2014	12/06/2019	12A/15
023591M	190	4750	12/06/2014	12/06/2019	12A/10,14,15

023592M	190	4750	12/06/2014	12/06/2019	12A/15
023588M	129	3225	06/11/2014	06/11/2019	12A/15, 12A/16
023589M	180	4500	06/11/2014	06/11/2019	12A/15, 12A/16
023590M	185	4625	06/11/2014	06/11/2019	12A/15
023555M	10	250	17/12/2015	17/12/2020	12A/15
024172M	4	100	29/09/2016	29/09/2021	12A/15
024921M	256	6400	10/04/2017	10/04/2022	12H/01, 12A/16
024922M	183	4575	10/04/2017	10/04/2022	12A/16
024998M	10	250	27/04/2017	27/04/2022	12A/15, 12A/16
025386	8	200	31/08/2017	31/08/2022	12A/15
Total	**1349**	**33,725**			

For a detailed description of the Buchans Property, including the discussion of the description of the following aspects:

a. Property Description and Location;
b. Accessibility, Climate, Local Resources, Infrastructure and Physiography;
c. History;
d. Geological Setting and Mineralization;
e. Deposit Types;
f. Drilling;
g. Data Verification;
h. Sample Preparation, Analyses and Security;
i. Mineral Processing and Metallurgical Testing;
j. Mineral Resource Estimates; and
k. Recommendations,

as these relate to the Buchans Property, please refer to the summary of the Technical Report attached as Exhibit "A" hereof.

Other Adventus Newfoundland Properties

La Poile

The La Poile project is located in southwestern Newfoundland and consists of 700 hectares. Access is by helicopter or all-terrain vehicles from a forest access road within 3 km from the project. The exploration target is a structurally modified, zinc-rich volcanogenic hosted massive sulphide system. Massive sulphide mineralization is hosted near the contact within folded amphibolite-grade muscovite schist and quartzofeldspathic gneiss of the Ordovician Port aux Basques Complex. Historic exploration programs completed during the 1980s and 90s identified the massive sulphides within a narrow (up to 1 m) by 3 km long horizon to drill depths of 400 m. One historic channel sample across the massive sulphide horizon reported 6.1% Zn, 2.9% Pb and 21 g/t Ag over 1.9 m, and one narrow high-grade vein of 0.08 m intersected in drilling at a depth of 300 m reported 17.9% Zn, 7.1% Pb and 6 g/t Ag. A unit of disseminated sulphides, up to 70 m thick in places, is footwall to the massive sulphides. The Corporation intends to compile all of the historic exploration work and is devising an exploration program to best test the target at depth.

Katie

The Katie property comprises one licence, located in central Newfoundland, and which consists of 2,575 hectares. The project is accessible by vehicle by a 7 km forest access road connected to a paved highway. The exploration target is focused on a zinc-rich volcanic hosted massive sulphide system with appreciable gold-silver-lead and copper. Numerous mineralized local boulders have been found by historical exploration programs and by Altius personnel within the project area. Examples of the results from higher grade boulders include: 25% Zn, 6.7% Pb and 8g/t Au; 228g/t Ag and 23.9% Zn; 3.3% Pb, 280g/t Ag and 0.30g/t Au. Previous trenching produced a 1.26 m long channel sample assaying 10.7% Zn, 0.38% Pb, 0.20% Cu, 33.4 g/t Ag and 1.1 g/t Au. A recent trenching program conducted by Altius produced a 0.6 m long channel sample assaying 7.27% Zn, 0.89% Pb, 0.05% Cu, 44.6 g/t Ag and 1.8 g/t Au, and a 0.4 m long channel sample assaying 15.5%Zn, 0.45%Pb, 0.27%Cu, 42 g/t Ag and 2.42 g/t Au. Historic drill programs have been haphazard, but did successfully identify widespread alteration known to occur within these mineralizing systems. Altius' programs prior to the acquisition of the project by the Corporation have led to a better understanding of the stratigraphy and structure, leading to the development of a broad target ready for more advanced testing.

The technical information contained in this subsection "Other Adventus Newfoundland Properties" as it refers to the La Poile and Katie properties has been reviewed and approved by Lawrence Winter, P.Geo., Ph.D., as a Qualified Person in accordance with NI 43-101.

Financial Information

Adventus Newfoundland's audited financial statements for the year ended December 31, 2017 and the unaudited financial statements for the 69-day period from October 24 to December 31, 2016, and unaudited interim financial statements for the three months ended March 31, 2018, as well as unaudited carve-out financial statements of Adventus Zinc (Newfoundland) Division of Altius for the period from January 1, 2016 to November 16, 2016 and the year ended December 31, 2015 are included and attached to this Information Circular as *Exhibit "*C*"* and should be read in conjunction with this Information Circular.

Management's Discussion and Analysis

The following management's discussion and analysis for the year ended December 31, 2017 and 69 day period from October 24, 2016 to December 31, 2016 and for the three months period ended March 31, 2018 is based on the financial condition and results of operations of the Adventus Newfoundland Properties and not the actual historical results of Adventus Newfoundland, and should be read in conjunction with Altius' Unaudited Carve-out Financial Statements for its Adventus Zinc (Newfoundland) Division of Altius for the period from January 1, 2016 to November 16, 2016 (the date when Adventus Newfoundland acquired the Adventus Newfoundland Properties from Altius), Adventus Newfoundland's Audited Financial Statements for the year ended December 31, 2017 and 69 day period from October 24, 2016 (the date of incorporation of Adventus Newfoundland) to December 31, 2016 and Adventus Newfoundland's interim financial statements for three months period ended March 31, 2018 and related notes appearing elsewhere in this Circular. This MD&A has been prepared as of the date of this Circular.

The following discussion contains forward-looking statements that involve various risks and uncertainties. Actual results of Adventus Newfoundland could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties, including those set forth in this Circular under the headings "*Risk Factors*" and "*Cautionary Statement regarding Forward-Looking Information*".

Description of Business

Adventus Newfoundland holds a portfolio of zinc mineral properties located in Newfoundland and Labrador, Canada and engages in the evaluation, acquisition, and exploration of mineral properties. Adventus Newfoundland was formed on October 24, 2016 as a strategic initiative to acquire and focus efforts on zinc properties in Newfoundland and Labrador.

Selected Financial Information

Adventus Newfoundland acquired the Adventus Newfoundland Properties on November 16, 2016 from Altius as an acquisition of assets at its carrying value on the books of Altius.

The following financial data is derived from the Adventus Newfoundland's Audited Financial Statements for the year ended December 31, 2017 and the period from October 24 to December 31, 2016 and for the three months ended March 31, 2018

Selected Annual Financial Information

	2017	69-day period from October 24 to December 31, 2016 (Unaudited)
Net sales	Nil	Nil
Net loss	$724	Nil
Total assets	$1,229,799	$713,789
Total liabilities	$516,734	Nil

Selected Quarterly Financial Information (unaudited)

	2017Q1 $	2017Q2 $	2017Q3 $	2017Q4 $	2018Q1 $
Net sales	Nil	Nil	Nil	Nil	Nil
Net loss	Nil	Nil	Nil	724	Nil
Total assets	801,072	1,092,089	1,214,426	1,229,799	1,234,227
Total liabilities	87,283	378,301	500,637	516,734	521,162

Prior quarterly information has not been provided as Adventus Newfoundland has not prepared financial statements for those quarters.

Results of Operations

During the quarter ended March 31, 2018, Adventus Newfoundland incurred a net loss of $Nil, compared to a net loss of $Nil for the quarter ended March 31, 2017.

During the year ended December 31, 2017, Adventus Newfoundland incurred a net loss of $724, compared to a net loss of $nil for 69-day period from October 24 to December 31, 2016. This was because Adventus Newfoundland was incorporated on October 24, 2016 and had only a short period of operation in 2016.

Exploration and Evaluation Assets

Total capitalized expenditures on exploration and evaluation assets as at March 31, 2018 was $1,234,227 as compared to $1,229,799 as at December 31, 2017. In the first quarter of 2018, additions of exploration and evaluation assets were $4,428.

Total capitalized expenditures on exploration and evaluation assets as at December 31, 2017 was $1,229,799 as compared to $713,789 as at December 31, 2016. In 2017, additions of exploration and evaluation assets were $516,010, of which $447,169 was for the Buchans Property while $53,096 was for the other properties and $15,745 was for security deposits. In November 2016, Adventus Newfoundland acquired the Adventus Newfoundland Properties from Altius and no work was performed on the properties during the remainder of 2016. The increases in exploration and evaluation assets in 2017 were a result of various work programs which progressed on the Adventus Newfoundland Properties as a result of positive results of previous work programs.

Adventus Newfoundland's strategy is to conduct grassroots project generation and exploration. All properties that are capitalized meet the criteria associated with exploration and evaluation assets in which licences are held. Properties that yield potential are staked or acquired and initial exploration work is performed. Adventus Newfoundland then determines whether the initial exploration results are favourable enough to warrant further exploration work. In the event the property has unfavourable results and no further work is warranted, the property is abandoned and written down.

The following is a summary of the carrying values for the exploration and evaluation assets:

	Year ended December 31, 2017	Year ended December 31, 2016
Buchans	$964,437	$517,268
Katie	$235,624	$189,169
La Poile	$11,893	$5,252
Security Deposits	$17,845	$2,100
Total	$1,229,799	$713,789

Trends

There are no known trends, commitments, events or uncertainties that are presently known to management of Adventus Newfoundland and reasonably expected to have a material effect on Adventus Newfoundland's business, financial condition or results of operations.

Description of the Securities

Adventus Newfoundland's authorized share capital consists of unlimited number of common shares, of which 3,570,001 common shares are issued and outstanding as at the date of this Circular and all of which as at the date of

this Circular are owned by Adventus. Pursuant to the Transaction Agreements, upon completion of the Transaction, assuming receipt of requisite approvals, all issued and outstanding common shares of Adventus Newfoundland will be transferred to Canstar, which will become the sole shareholder of Adventus Newfoundland.
Other than the Transaction Agreements, there are no outstanding options, warrants, conversion privileges, rights, agreements, understandings, commitments or other obligations or convertible securities entitling any person to acquire common shares of Adventus Newfoundland.

Prior Sales

There have been no sales of securities of Adventus Newfoundland within the 12 months period before the date of filing this Information Circular.

Stock Option Plan

Adventus Newfoundland does not maintain an incentive stock option plan

Executive Compensation and Management Contracts

Adventus Newfoundland does not award compensation to its directors and officers and there exist no agreement pursuant to which current directors and offices of Adventus Newfoundland are entitled to receive any compensation, severance or any other payment upon termination of their services, including by reason of change of control.

Non-Arm's Length Transactions

Following its sale by Altius to Adventus, Adventus Newfoundland is being funded by Adventus. Except for this and the original acquisition from Altius, Adventus Newfoundland is not party to any other non-arm's-length transaction and other than the Transaction, no non-arm's length transaction involving Adventus Newfoundland is contemplated as at the date of this Circular.

Legal Proceedings

There are no legal proceedings material to Adventus Newfoundland to which Adventus Newfoundland is a party or of which any of its property is the subject matter. Additionally, to the reasonable knowledge of the management of Adventus Newfoundland or Adventus, there are no such proceedings contemplated.

Material Contracts

Adventus Newfoundland and Altius are parties to the Newfoundland Royalty Agreement dated November 16, 2016 pursuant to which, Altius retains a 2% net smelter returns royalty on production of mineral products from the Adventus Newfoundland Properties.

OTHER PROPERTIES - DANIEL'S HARBOUR PROPERTY

The Daniel's Harbour property is at the date hereof, and is expected to remain, in a reconnaissance stage. No significant expenditures have been incurred by Altius prior to the Transaction, nor does Canstar have any immediate plans to allocate any significant resource or finances to exploitation or development of the Daniel's Harbour property.

The Daniel's Harbour property consists of two non-contiguous map-staked mineral licenses (License 025082M and License 025083M) totaling 360 claims and covering 90km^2 of prospective lands surrounding the former high-grade zinc mine operated by Teck Resources Limited from 1975 to 1990.

Upon completion of the Transaction, Canstar will hold 9,000 hectares (90 km^2) of mineral exploration licenses in the Daniel's Harbour area on the west coast of Newfoundland, in the Province of Newfoundland and Labrador, including some of the historic workings of the Daniels Harbour Mine which produced ~7 mt of 7.8% Zn ore from 1975-1990. The deposit yielded high Zn recoveries (98%) and a very high-quality Zn con (63% Zn).

The Daniel's Harbour Property is underlain by carbonate platform rocks of the St George and Table Head Groups. The known Mississippi Valley Type (MVT) mineralization is hosted in the largely dolomitized Catoche Formation of the St. George Group. Mineralization is controlled by northeast-trending fault zones and collapse structures which generated dolomite breccia. It is on the flanks of these breccia zones that significant deposits of zinc-rich sphalerite occur. Mineralization occurs as cavity filling sphalerite within numerous narrow (0.5-5') 'pseudo-breccia' beds and in veins cutting the pseudo-breccia beds and the massive grey dolomite host. In much of the property the St. George Group forms a syncline beneath the Table Head Group limestone. Exploration has not properly tested the potential of the Catoche Formation in the synclines. Although mined occurred only within the Catoche Formation, the underlying units of the St George Group have similar lithologies and could potentially also host mineralization. In the Black Duck South area ten drill holes have reported grades up to 2.08% Zn over 22.9' (7 m) including 19.25% Zn over 1.6' (0.18 m). In the Trapper Zone high grade zinc float led to drilling which reported mineralization in over 8 holes with up to 25.3% Zn over 1.5' (0.45m). In the Bill Adams area mineralization was documented at surface and drilling intersected mineralization in a single hole with 1.8% Zn over 9.6' (2.9m). All results are considered historic and are these data are not 43-101 compliant.

Although there was extensive exploration before and during the mining operations, no significant exploration has occurred on the prospect in almost 30 years. Recent advances in exploration techniques have not been applied to the area. Clear structural and stratigraphic controls are evident in the ore genesis, yet no deep drilling has been undertaken to follow obvious ore trends and favourable stratigraphy. There are sufficient untested parts of the property to potentially host significant resources. A review of historical exploration data has identified three target areas to date which require further assessment and potentially drill testing.

The technical information contained in this subsection "Other Properties - Daniel's Harbour Property" has been reviewed and approved by S. Lawrence Winter, as a Qualified Person in accordance with NI 43-101.

PART VIII – INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of Canstar as the Resulting Issuer. This section only includes information respecting Canstar as the Resulting Issuer that is materially different from information provided earlier in this Information Circular. Following the completion of the Transaction, Canstar as the Resulting Issuer will carry on the business of mineral exploration. See the various headings under "*PART V – INFORMATION CONCERNING CANSTAR RESOURCES INC." And* "*PART VI – INFORMATION CONCERNING THE TARGET*", for additional information regarding Canstar, Adventus Newfoundland and Daniel's Harbour Project respectively. See also the Pro Forma Financial Statements of the Resulting Issuer attached hereto as Exhibit "D".

Corporate Structure

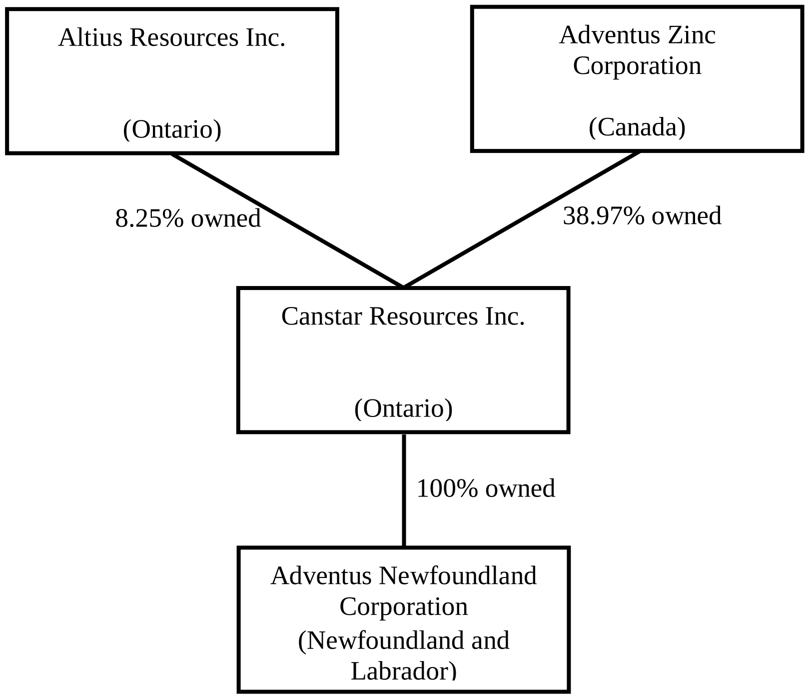
Name and Incorporation

The corporate name of the Resulting Issuer will be Canstar Resources Inc. It will be governed by the *Business Corporations Act* (Ontario).

The head office and registered office of the Resulting Issuer will be located at 220 Bay Street, Toronto, Suite 550, Ontario M5J 2W4.

Intercorporate Relationships

Upon completion of the Transaction, including the conversion of the Subscription Receipts issued pursuant to the Private Placement into Common Shares, the corporate structure of the Resulting Issuer will be as follows:



Narrative Description of the Business

Stated Business Objectives

Following the closing of the Transaction, Canstar as the Resulting Issuer will continue the existing business of Canstar Resources Inc. with respect to the acquisition, exploration and development of mineral properties located primarily in North America with a focus on polymetallic exploration in Newfoundland and Labrador including the Adventus Newfoundland Properties and Daniel's Harbour Project, , with a particular focus on the Buchans and Mary March Properties where it will own the majority of the district's mineral rights.

The acquisition of the Adventus Newfoundland Properties and Daniel's Harbour project allows Canstar to consolidate its mineral holdings of abating properties in Newfoundland and Labrador and capitalize on synergy of an experienced team in exploration of the consolidated land package.

Milestones and Exploration and Development of the Buchans and Mary March Properties

Canstar as the Resulting Issuer intends to complete phase one of the work program recommended in the Technical Report for the Buchans and Mary March Properties. The recommended work is exploratory in nature and specific implementation of the program will depend on business judgment of the Board of Directors, in consultation with expects. Completing re-processing of geological surveys in the Mary March property will be the priority for the Resulting Issuer. Depending on the results of phase one of the work program recommended in the Technical report, Canstar will formulate its exploratory drilling program of the phase two of the recommended work program. The nature of the early stage exploratory work of phase one and phase two of the recommended program does not allow to pose exact timelines for completion, as seasonal weather fluctuations in the area may interfere with completion of drill and survey programs in late fall and winter months. However, it is anticipated that the Resulting Issuer will be able to complete the phase one program in 12 month of the approval of the Transaction.

Breakdown of Proposed Budget

Program Components	Estimated Cost
PHASE 1	
Project management and data interpretation	$10,000
Reprocessing geophysical surveys and targeting	100,000
Geological mapping, prospecting, trenching, supervision and soil/till sampling, including support	$70,000
Core re-logging and support	$70,000
Phase 1 Subtotal	**$250,000**

Selected Pro Forma Consolidated Financial Information for the Resulting Issuer

The following table sets out selected pro forma consolidated statement of financial position data for the Resulting Issuer as at March 31, 2018 (Unaudited - Expressed in Canadian Dollars):

	Canstar	Adventus Newfoundland	Pro Forma Adjustments	Pro Forma Consolidated
	$	$	$	$
Assets				
Current assets				
Cash and cash equivalents	102,007	-	1,500,020(1)	
			(114,000)(2)	1,488,027
Amounts receivable and prepaid expenses	12,322	-	-	12,322
Total current assets	114,329	-	1,386,020	1,500,349
Equipment	991	-	-	991
Interest in exploration properties and deferred exploration expenditures	3,376,667	1,234,227	4,487,837 (3)	
			725,707(4)	9,824,438
Total assets	3,491,987	1,234,227	6,599,564	11,325,778
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	87,072	-	100,000(5)	187,072
Total current liabilities	87,072	-	100,000	187,072
Amounts due to Adventus Zinc Corporation	-	521,162	-	521,162
Total liabilities	87,072	521,162	100,000	708,234
Shareholders' Equity				
Capital stock	11,952,966	713,789	5,200,902(3)	
			(713,789)	
			725,707(4)	

			1,500,020(1)	
			(114,000)(2)	
			(34,365)(6)	19,231,230
Warrants	51,630	-	34,365(6)	85,995
Share-based payments reserve	342,625	-	-	342,625
Deficit	(8,942,306)	(724)	724(7)	
			(100,000)(5)	(9,042,306)
Total shareholders' equity	3,404,915	713,065	6,499,564	10,617,544
Total liabilities and shareholders' equity	3,491,987	1,234,227	6,599,564	11,325,778

Notes:

(1) Gross proceeds of the Private Placement.

(2) Estimated costs of the Private Placement incurred by Canstar.

(3) This figure represents $5,200,902 as the total consideration for the issuance of Common Shares, issued from which interest in exploration properties and deferred exploration expenditures, excluding the value of Adventus Newfoundland assets received, of $713,065 is subtracted. Please see note 3(a) to the Resulting Issuer Pro Forma Statements for a more detailed explanation.

(4) Canstar will issue 12,095,120 Canstar Shares to Altius at an assigned value of $0.06 per Canstar Shares in lieu of paying the purchase Price for the Daniel's Harbour Project.

(5) Professional fees estimated to be incurred in connection with the completion of the Transaction.

(6) Canstar will grant 754,200 finders warrants in connection with the Private Placement. The fair value of the 754,200 finders warrants is estimated at $34,365 using the Black-Scholes option pricing model with the following assumptions: exercise price - $0.06, expected dividend yield – 0%, expected volatility – 164.53%; risk-free interest rate – 1.68% and an expected average life of 2 years.

(7) Book values of Adventure Newfoundland's capital stock and deficit are eliminated on the closing of the Transaction.

For a more detailed presentation, please see Exhibit "D" – Pro Forma Consolidated Financial Information of the Resulting Issuer.

Description of Securities of the Resulting Issuer

The table below describes Canstar's capitalization as of the date of this Information Circular and on a pre-consolidated and a post consolidated bases:

	Number of common shares (pre-consolidation)	**Number of common shares (Post-consolidation)**
Common Shares	201,585,337	40,317,067
Subscription Receipts issued upon completion of the Private Placement and convertible upon completion of the Transaction into Common Shares	20,833,699	4,166,739
Finders warrants issued to finders in connection with the Private Placement, exercisable into Common Shares	754,200	150,840
Common Share Purchase Warrants	3,168,346	633,669
Stock Options	5,437,500	1,087,500
Total:	231,779,082	46,355,816

Pro Forma Consolidated Capitalization

Pro forma Consolidated Capitalization (unaudited)

The following table sets forth the pro forma share and loan capital of Canstar, on a consolidated basis, after giving effect to the Transaction, including the conversion of the Subscription Receipts issued pursuant to the Private Placement into Common Shares.

Designation of Security	Amount Authorized	Amount Outstanding After Giving Effect to the Transaction (pre- consolidated)	Amount Outstanding After Giving Effect to the Transaction (post- consolidated)
Common Shares	**Unlimited**	222,419,036	44,483,806
Warrants[(1)]	***N/A***	3,794,400	758,880
Options	15,000,000	4,937,500	987,500

Notes:
(1) Including 754,200 finders warrants issued to finders in connection with the Private Placement.

Fully Diluted Share Capital

The following table states the number and percentage of securities of Canstar proposed to be outstanding on a fully diluted basis after giving effect to the Transaction, assuming the exercise or conversion of all options and convertible securities into common shares of the Resulting Issuer.

Securities	Number (pre -consolidation)	Number (post -consolidation)	Approximate % - Fully Diluted
Common Shares			
Issuable to Pre-Transaction Canstar Shareholders	102,808,522	20,561,704	44.48%
Issuable upon conversion of Subscription Receipts issued pursuant to the Private Placement [(1)]	20,833,699	4,166,739	9.37%
Issuable to Adventus pursuant to the Transaction	86,681,695	17,336,339	37.5%
Issuable to Altius pursuant to the Transaction	12,095,120	2,419,024	7.94%
Total Common Shares	222,419,036	44,483,806	96.22%
Convertible Securities			
Resulting Issuer Warrants	3,040,200	608,040	1.32%
Finders warrants issued in connection with the Private Placement	754,200	150,840	0.33%
Resulting Issuer Options	4,937,500	987,500	2.14%
Total Convertible Securities	8,731,900	1,746,380	3.78%
Total	231,150,936	46,230,186	

Note:
(1) including 6,250,000 Flow-Through Common Shares issued to Altius upon conversion of the Subscription Receipts subscribed for by Altius as part of the Private Placement

Available Funds and Principal Purposes

Available Funds

The funds available to Canstar as the Resulting Issuer after giving effect to the Transaction will be approximately $1,488,027. See Exhibit "D" – *Pro Forma Consolidated Financial Information of the Resulting Issuer*.

Principal Purposes of Funds

The funds available to the Resulting Issuer will be used to complete the phase one of the program recommended by the Author of the Technical Report on Reporting Issuer's Buchans and Mary March Project property, to keep all of the properties in good standing, and for general working capital purposes.

Upon completion of the Transaction, the estimated available funds will be sufficient to meet the administrative costs and expenditures of the Resulting Issuer for at least 12 months. The Resulting Issuer intends to spend the net funds available to it as set out below. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

Use of Funds		Amount
Exploration programs on Buchans and Mary March Properties pursuant to phase one of the recommended exploration program		$250,000
Exploration program on other properties of the Resulting issuer		$ 75,000
Payment of amounts owing to related parties		$ Nil
Property Maintenance		$ 50,000
G&A		$ 350,000
Total:		$725,000
Total: Working Capital		$1,488,027
Unallocated Capital		$763,027

Dividends

The policy of Canstar is and is expected to be to retain earnings, if any, in order to finance future growth. Canstar has no intention of paying any dividends in the foreseeable future. Any future decision to pay cash dividends will be left to the discretion of the Board of Directors of Canstar as the Resulting Issuer and will depend on Canstar's financial position, operating results and capital requirements at the time as well as such other factors as the Board of Directors of Canstar may consider relevant.

Principal Securityholders

The following table sets forth the shareholdings of those persons who are anticipated to own of record beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding shares of Canstar as the Resulting Issuer after giving effect to the Transaction.

	Number and Percentage of Resulting Issuer Shares held after giving effect to the Transaction (Undiluted), including conversion of the Subscription Receipts issued pursuant to the Private Placement into Common Shares		Number and Percentage of Resulting Issuer Shares held after giving effect to the Transaction, (diluted) including conversion of the Subscription Receipts issued pursuant to the Private Placement into Common Shares	
	Number	Percentage	Number	Percentage
Adventus Zinc Corporation	86,681,695	38.97%	86,681,695	37.50%

Directors, Officers and Promoters

The following table sets forth the names, addresses, principal occupations and security holdings, beneficially owned, directly or indirectly, or over which control or direction will be exercised upon completion of the Transaction, of the proposed directors, officers and promoters of Canstar as the Resulting Issuer.

Name, and Municipality of Residence	Proposed Position and/or Office with Resulting Issuer	Principal Occupation for Past 5 Years	Date became a director or officer of Canstar or Adventus	Number and percentage of Resulting Issuer Shares owned or controlled after giving effect to the Transaction	
				Number[2]	Percentage[3]
Patrick Reid *Toronto, Ontario*	Director	*See detailed description below.*	2001	1,099,556	0.49%
David Palmer *Toronto, Ontario*	Director	*See detailed description below.*	2006	1,294,000	0.58%
Dennis H. Peterson *Toronto, Ontario*	Acting CEO and Director	*See detailed description below.*	2013	3,041,668	1.37%
John Hurley[1] *Toronto, Ontario*	CFO	*See detailed description below.*	2001	922,625	0.41%
Sam Leung[1] *Mississauga, Ontario*	Director	*See detailed description below.*	March 1, 2017[4]	N/A	N/A

Note:

(1) Upon Completion of the Transaction, it is expected that John Hurley, who serves as a director of Canstar as at the date of this Circular, will resign from the Board of Directors and Sam Leung will be appointed as Director to fill in the vacancy following Mr. Hurley's resignation. Mr. Hurley will continue to serve as Chief Financial Officer of Canstar. Appointment of Mr. Leung to the Board of Directors following resignation of Mr. Hurley will constitute an appointment in partial satisfaction of the right of Altius to appoint two members of the Board of Directors of Canstar, which right Altius acquired pursuant to the Transaction Agreements, as set out in more detail in section "*PART III – INFORMATION CONCERNING THE TRANSACTION*" hereof.
(2) On a non-diluted basis
(3) The percentage is calculated based on 222,419,036 as the number of issued and outstanding Canstar Shares that includes Canstar Shares into which 20,833,699 Subscription Receipts issued pursuant to the Private Placement, will be converted upon completion of the Transaction.
(4) On March 1, 2017 Mr. Leung was appointed Vice President of Corporate Development of Adventus

Directorships

The following table sets forth the proposed directors of Canstar who currently hold directorships with other reporting issuers as at the date hereof:

Name of Director	Reporting Issuer
David Palmer	Probe Metals Inc. (TSXV) Rubicon Minerals Corporation (TSX)
Dennis H. Peterson	Angus Ventures Inc. (TSXV) Probe Metals Inc. (TSXV)
Sam Leung	Aethon Minerals Corporation (TSXV)

Additional information about the proposed directors and officers of the Resulting Issuer

The following is additional information in respect of the proposed executive directors and officers of Canstar as the Resulting Issuer. None of the persons below has entered into a non-competition or non-disclosure agreements with either Canstar, Adventus or Altius and none of the above persons proposes to enter into any such agreement with Canstar as the Resulting Issuer. All members of management will devote such time as is necessary to the affairs of Canstar as the Resulting Issuer on a non-exclusive basis.

Patrick Reid, Director

Mr. Reid is Past-chair of Public Accounts of the Provincial Legislature, as well as owner/co-owner of four businesses. Following resignation from legislature, Mr. Reid became an executive director of the Ontario Mining Association and was instrumental in creating "Ontario Mining Week" to draw attention to the industry among the public, industry and government. Mr. Reid served on the executive committee of the Toronto Branch of the Canadian Institute of Mining and Metallurgy. Mr. Reid serves as a director of Canstar since 2001. He holds a B.A. in Economics from University of Manitoba**.**

David Palmer, Director

David S. Palmer serves as Director if Canstar since 2006. And served as a director and CEO of Probe Metals Inc., a TSXV listed company. Prior to joining Canster, Mr. Palmer spent 15 years as an Exploration Geologist and Consultant to the Canadian and international mining industry. He has managed projects and conducted research for major international mining companies in South America, South Africa, India, Greenland and Scandinavia, as well as working extensively throughout Canada. His work has covered a broad range of mineral commodities, including gold, base metals, diamonds, platinum group metals, and copper/nickel deposits. Mr. Palmer holds a B.Sc. (Geology) degree from St. Francis Xavier University, M.Sc. and Ph.D. (Economic Geology) degrees from McGill University, and is a member of the Association of Professional Geoscientists of Ontario. Mr. Palmer has published scientific papers in journals such as Economic Geology and Chemical Geology.

Dennis H. Peterson, Director and Acting Chief Executive Officer

Mr. Peterson serves as a director of Canstar and Acting Chief Executive Officer. Mr. Peterson has 30 years' experience as a corporate securities lawyer specializing in corporate finance matters for small cap companies, and has served as a director of Canstar from 2013 to present. Most of Mr. Peterson's practice focuses on junior natural resource companies, and he has extensive experience with all aspects of prospectus financings, private placements, mergers and acquisitions in the junior public markets. Companies he has worked with are listed on the Toronto Stock Exchange and the TSX Venture Exchange. Mr. Peterson holds a B. Comm (Hons.) degree from Queen's University and an LL.B. degree from the University of Toronto Faculty of Law.

John Hurley, Chief Financial Officer

Mr. Hurley, as one of the founding partners of McGovern, Hurley, Cunningham LLP, Toronto in 1980, worked on the initial TSE public offerings of such resource companies as Pangea Goldfields Inc. (acquired by Barrick Gold Corporation), Aurelian Resources Inc. (acquired by Kinross Gold Corporation), Detour Gold Corporation, Fronteer Gold Inc., and Labrador Iron Mines Holdings Limited.Mr. Hurley graduated from Ryerson Polytechnical Institute (now Ryerson University) in Business Administration with a major in finance and accounting. Mr. Hurley obtained his US CPA from the University of Illinois and his Canadian CA from the Ontario Institute of Chartered Accountants while articling with Price Waterhouse&Co. in Toronto.

Sam Leung, *Director*

Sam Leung is a mining professional with over 11 years of international experience in due diligence, mergers and acquisitions, as well as strategic evaluation of operations. Prior to Adventus, Sam was Director of Corporate Development at Lundin Mining Corporation, where he helped evaluate and execute several successful acquisitions valued at over US$ 2 billion. He was also responsible for joint-venture related activities with Freeport-McMoRan Inc. in Africa and Europe. Prior to Lundin Mining, Sam served a global range of mining sector, financial, and governmental clients as a due diligence consultant for Hatch Ltd.'s advisory practice in London and Toronto. He began his career as a metallurgist and is a licensed professional engineer (Canada). Sam received a B.A.Sc. degree in Engineering Chemistry from Queen's University at Kingston, Canada, with first class honours.

Committees of the Board of Directors

Audit Committee

The members of the Audit Committee are John E. Hurley (Chair), David Palmer and Patrick Reid. Messrs. Reid and Palmer are independent (as defined in NI 52-110). Mr. Hurley is not independent as he is an officer of the Company. It is expected that following Mr. Hurley's resignation as a director upon the closing of the Transaction Mr. Leung will be appointed a member of the Audit Committee and a new Chair will be appointed.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for providing a comprehensive orientation and education program for new directors which fully sets out: the role of the Board and its committees; the nature and operation of the business of the Company; and the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

Compensation Committee

The Compensation Committee is composed of John E. Hurley (Chair) and Patrick Reid. Patrick Reid is considered independent according to NI 52-110; John E. Hurley is an officer of the Company and is not considered independent. It is expected that following Mr. Hurley's resignation as a director upon the closing of the Transaction Mr. Leung will be appointed a member of the Compensation Committee and a new Chair will be appointed.

Health, Safety, Environment and Community Committee

John E. Hurley (Chair) and Patrick Reid are currently members of the Health, Safety, Environment and Community Committee. It is expected that upon his resignation as a director upon completion of the Transaction, Mr. Hurley will be replaced by Mr. Leung as a member of the Health, Safety, Environment and Community Committee. The main function of the Health, Safety, Environment and Community Committee is to review and make recommendations, as appropriate, in regards to Canstar's safety and health programs and performance, environmental management programs and compliance, and social initiatives in communities where Canstar conducts its business.

Promoter Consideration

There have been no promoters of Canstar during the (2) years immediately proceeding filing this Information Circular.

Altius Minerals Corporation may be considered to be a promoter of Adventus under applicable Canadian Securities Laws. Altius Minerals Corporation, through Altius, beneficially owns, or controls or directs, directly and indirectly, 15,182,183 common shares of Adventus, representing 26.67% of the Adventus' currently issued Common Shares.

Altius received an aggregate of 6,770,000 common shares of Adventus pursuant to the sale and transfer of the shares of Adventus Newfoundland and Adventus Zinc Ireland Limited. The Newfoundland Properties were acquired by Altius between June 12, 2014 and September 29, 2016 and the Irish Properties were acquired by Altius Ireland between June 30, 2013 and November 7, 2016. Altius and Altius Ireland incurred costs of $713,289 in respect of the Newfoundland Properties and $346,576 in respect of the Irish Properties from the date of acquisition to October 31, 2016. Altius and its subsidiaries retained net smelter royalty interests in relation to the production of mineral products from the Adventus Newfoundland Properties and Altius Minerals Corporation will receive fees from Adventus pursuant to the services agreement between Adventus and Altius Minerals Corporation dated January 1, 2017.

Corporate Cease Trade Orders or Bankruptcies

No proposed director or executive officer of Canstar is, or within the ten years prior to the date of the Circular has been, a director, chief executive officer or chief financial officer of any company that:

(a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(c) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

None of the proposed directors or officers of Canstar as the Resulting Issuer has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Personal Bankruptcies

No proposed director or executive officer of Canstar as the Resulting Issuer has, within the ten years prior to the date of the Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of Canstar holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with Canstar. Conflicts, if any, will be subject to the procedures and remedies under the OBCA or other applicable corporate legislation. For a list of public companies in which proposed directors of Canstar hold management position or serve as directors, please see section "*Other Reporting Issuer Experience*" below.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of Canstar as the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading market	Position	From	To
Patrick Reid	Probe Mines Limited	TSXV	Director	December 2003	October 2014
David Palmer	Probe Mines Inc. Angus Ventures Inc. Rubicon Minerals Corporation	TSXV TSXV TSX	Director and CEO Director Director	December 2003 September 2017 December 2016	Present Present Present
Dennis H. Peterson	Probe Mines Inc. Zazu Metals Corporation Firestone Ventures Inc.	TSXV TSXV TSXV	Director Director Director	February 2015 November 2006 June 2014	Present Present October 2017
Sam Leung	Adventus Zinc Corporation, Canada	TSXV	VP, Corporate Development	March 1, 2017	Present

Executive Compensation

Compensation of Executive Officers and Summary Compensation Table

It is expected that immediately following the completion of the Transaction, Canstar as the Resulting Issuer will have two Executive Officers: Dennis H. Peterson serving in the capacity of acting Chief Executive Officer and John Hurley in the capacity of Chief Financial Officer.

Canstar is not expecting to offer salary or any other fee-based compensation to its executive for their services in the current financial year.

Indebtedness of Directors and Officers

Since the beginning of the most recently completed financial year, no current or former director, executive officer or senior officer of Canstar, or Adventus and no proposed management nominee for election as a director, or any associate thereof, is or has been indebted to Canstar, Adventus or the Resulting Issuer or any of its subsidiaries.

Investor Relations Arrangements

No written or oral agreement or understanding has been reached with any person to provide any promotional or investor relations services for the Resulting Issuer.

Options to Purchase Securities

Following the closing of the Transaction, the Stock Option Plan as disclosed under the heading "*PART V – INFORMATION CONCERNING CANSTAR RESOURCES INC. – Stock Option Plan*" will remain in effect. If the Resulting Issuer adopts a new stock option plan following the completion of the Transaction, the same will be subject to Canstar Shareholder and Exchange approval.

Escrowed Securities

Shares of Resulting Issuer subject to Value Escrow

It is expected that following the completion of the Transaction the Canstar Shares held by the principals of Canstar as set out in the table below, being the aggregate of 1,271,569 Common Shares of Canstar as a Resulting Issuer on a post-consolidation basis (the "**Value Securities Shares**"), will be subject to surplus security escrow agreement (the "**Value Security Escrow Agreement**") based on Exchange Form 5D.

Shares subject to the Security Escrow Agreement:

Name, and Municipality of Residence	Position with Canstar as at the date of this circular	Date became a director or officer of Canstar	Number and percentage of Canstar Shares owned or controlled after giving effect to the Transaction		
			Number[2]	Number[3]	Percentage[4]
Patrick Reid *Toronto, Ontario*	Director	2001	1,099,556	219,911	0.49%
David Palmer *Toronto, Ontario*	Director	2006	1,294,000	258,800	0.58%
Dennis H. Peterson *Toronto, Ontario*	Acting CEO and Director	2013	3,041,668	608,333	1.37%
John Hurley[1] *Toronto, Ontario*	CFO and Director	2001	922,625	184,525	0.41%
Total post-consolidation Value Securities Shares:				127,1569	

Notes:

(1) Upon completion of the Transaction, it is expected that John Hurley, who serves as a director of Canstar as at the date of this Circular, will resign from the Board of Directors. Mr. Hurley will continue to serve as Chief Financial Officer of Canstar.

(2) Pre-consolidation; on a non-diluted basis.

(3) Post-consolidation; on a non-diluted basis.

(4) The percentage is calculated based on 222,419,036 as the number of pre-consolidation issued and outstanding Canstar Shares that includes pre-consolidation Canstar Shares into which 20,833,699 Subscription Receipts issued pursuant to the Private Placement, will be converted upon completion of the Transaction.

The Value Security Escrow Agreement will be entered into by Canstar as the Resulting Issuer, TSX Trust or an alternate transfer agent as approved by Canstar as the Resulting Issuer and the Exchange, and each of Messrs. Reid, Palmer, Peterson and Hurley as holders of the Value Securities Shares.

Based on Canstar consultation with the Exchange, the Value Securities Shares will be subject to the following release schedule, being the Tier 1 release schedule for Value Security Escrow Agreements under the Exchange Policy 5.4:

Release Dates	**% of Total Escrowed Securities to be Released**
Date of the Final Exchange Bulletin	25%
6 months following the date of the Final Exchange Bulletin	25%
12 months following the date of the Final Exchange Bulletin	25%
18 months following the date of the Final Exchange Bulletin	25%
Total	**100%**

Shares of Resulting Issuer subject to Surplus Escrow

It is expected that following the completion of the Transaction, the Canstar Shares issued to Adventus and Altius pursuant the terms of the Transaction Agreements, being the aggregate of 19,755,363 Common Shares of Canstar as a Resulting Issuer on a post-consolidation basis (the "**Surplus Securities Shares**")[1] will be subject to surplus security escrow agreement (the "**Surplus Security Escrow Agreement**") based on Exchange Form 5D. The Surplus Security Escrow Agreement will be entered into by Canstar as the Resulting Issuer, TSX Trust or an alternate transfer agent as approved by Canstar as the Resulting Issuer and the Exchange, and each of Adventus and Altiues as holders of the Surplus Securities Shares.

Based on Canstar consultation with the Exchange, the Surplus Securities Shares will be subject to the following release schedule, being the Tier 2 release schedule for Surplus Security Escrow Agreements under the Exchange Policy 5.4:

Release Dates	**% of Total Escrowed Securities to be Released**
Date of the Final Exchange Bulletin	5%
6 months following the date of the Final Exchange Bulletin	5%
12 months following the date of the Final Exchange Bulletin	10%
18 months following the date of the Final Exchange Bulletin	10%
24 months following the date of the Final Exchange Bulletin	15%
30 months following the date of the Final Exchange Bulletin	15%
36 months following the date of the Final Exchange Bulletin	40%
Total	**100%**

The Value Escrow Shares and Surplus Escrow Shares may not be transferred without the approval of the Exchange other than in specified circumstances set out in the applicable escrow agreement.

[1] This number is calculated based on 86,681,695 pre-consolidation Canstar Shares issuable to Adventus and 12,095,120 pre-consolidation Canstar Shares issuable to Altius pursuant to the Transaction Agreement, being subject to the Consolidation.

Auditor, Transfer Agent and Registrar

The auditor of Canstar is MNP LLP, located at 50 Burnhamthorpe Road West, Suite 900, Mississauga, ON L5B 3C2.

The transfer agent and registrar of Canstar TSX Trust Company ("**TSX Trust**"), at 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1.

PART IIX – GENERAL MATTERS

Sponsorship Matters

Canstar intends to rely on an exemption from the sponsorship requirements of Exchange Policy 2.2.

Experts

The following experts and firms are responsible for opinions referred to in this Information Circular:

- Peter Webster, P. Geo., author of the "Technical Report On The Buchans and Mary March Project Areas, Buchans Camp, Newfoundland and Labrador, Canada";
- MNP LLP, Chartered Accountants and the auditors for Canstar for the audited financial statements for the periods ended June 30, 2017 and 2016;
- Deloitte LLP, are the auditors for Adventus Newfoundland Corporation for the audited financial statements for the year ended December 31, 2017.

Interests of Experts

Other than stated below, no "professional person" or expert or firm named in this Information Circular as having prepared or certified any part of all of it or a report or valuation described therein, holds any beneficial interest, direct or indirect, in any securities or property of Canstar or an Associate of Affiliate of Canstar and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer, or of an Associate or Affiliate of the Resulting Issuer and no such person is a Promoter of the Resulting Issuer or of an Affiliate or Associate of the Resulting Issuer. See "*Part IIX – General Matters – Experts"*.

Dennis H. Peterson, a director of Canstar and holder of 3,041,668 Canstar Shares (1.37%) of Canstar Shares is a principal of Peterson McVicar LLP, a legal firm acting as counsel to Canstar in the Transaction.

Deloitte LLP, was independent of Adventus Newfoundland Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario, at the date of their audit reports as well as during the audited financial period.

MNP LLP, was independent of Canstar Resource Inc. within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario, at the date of their audit reports as well as during the audited financial period.

Expertised Reports

No expertised reports, other than the Technical Report were prepared to support the recommendation(s) of the board of directors of the issuer.

Other Material Facts

There are no material facts about Canstar, Adventus, Altius or the Resulting Issuer or the Transaction that are not disclosed within this Information Circular which are necessary in order for this Information Circular to contain full, true and plain disclosure of all material facts relating to Canstar, Adventus, Altius and the Resulting Issuer, assuming completion of the Transaction.

Board Approval

The contents and filing of the Information Circular have been approved by the Canstar Board of Directors. Where information contained in this Information Circular rests particularly within the knowledge of a person other than Canstar, Canstar has relied upon information furnished by such person.

EXHIBIT “A”
BUCHANS AND MARY MARCH PROJECT PROPERTY

EXHIBIT "A"
BUCHANS AND MARY MARCH PROJECT PROPERTY

1. INTRODUCTION

This description of the Buchans And Mary March Project Property is prepared by way of a summary of the NI 43-101 technical report on the Marry March and Adventus Newfoundland properties entitled "Technical Report On The Buchans and Mary March Project Areas, Buchans Camp, Newfoundland and Labrador, Canada" prepared for Canstar Resources Ltd. ("**Canstar**") by Peter Webster, P. Geo., of Mercator Geological Services Limited ("**Mercator**") and with effective date April 23, 2018 (the "**Technical Repot**"), that is made available on Canstar's SEDAR profile at www.sedar.com.. This Summary is abbreviated and should be read in conjunction with the Technical Report.

2. ABBREVIATIONS AND CONVERSION FACTORS USED IN THIS SUMMARY

Table 2.1: Abbreviations and conversion factors used in this Summary

Abbreviation	Source	Abbreviation	Source
Actlab	Activation Laboratories Ltd.	asl	above sea level
Adventus	Adventus Zinc Corporation	BHEM	Borehole Electro-magnetic
ALS	ALS Minerals	DEM	Digital Elevation Model
Adventus	Adventus Resources Inc.	CSAMT	Constant Source Audio Frequency Magneto-Tellurics
AND	Anglo Newfoundland Development Corporation	EM	Electro-magnetic
ASARCO	American Smelting and Refining Corporation	HLEM	Horizontal Loop Electro-magnetic
BP	BP Resources Canada Inc.	ICP-AES	Inductively coupled plasma - atomic absorption spectrometry
CALA	Canadian Association for Laboratory Accreditation	INAA	Instrumental Neutron Activation Analysis
Canstar	Canstar Resources Inc.	g/t	Grams per tonne
Eastern	Eastern Analytical Limited	GIS	geographic information system
Geoscience North	Geoscience North Limited	GPS	global positioning system
GSC	Geological Survey of Canada	IP or DCIP	Induced Polarization or Direct Current Induced Polarization
GSNL	Geological Survey Division of Newfoundland and Labrador Department of Natural Resources	MMI	Mobile Metal Ion
Mercator	Mercator Geological Services Limited	NAD	North American Datum
MUN	Memorial University of Newfoundland	RC	reverse circulation
NI 43-101	Canadian Securities Administrators National Instrument 43-101	RQD	Rock Quality Designation
NLDNR	Newfoundland and Labrador Department of Natural Resources	TDEM	Time Domain Electro-magnetic
RDC	Research Development Corporation	UTM	Universal Transverse Mercator

SEM-MLA	Scanning Electron Microscope - Mineral Liberation Analysis®)	VLF	very low frequency
QAQC	Quality Assurance Quality Control	°	degree symbol
Vinland	Vinland Resources Inc.	%	percent
k	thousand	Ba	Barium
Ma	million	PGE	Platinum Group Elements
Ga	billion	REE	Rare Earth Elements
ca	circa	Pb	Lead
et al.	and others	Pd	Palladium
C	Celsius	Au	Gold
ha	hectare	Ag	Silver
kg	kilogram	As	Arsenic
km	kilometre	Cu	Copper
lbs	pounds	Ni	Nickel
ft	foot	Zn	Zinc
"	inch	Fe	Iron
µm	micrometre	Mg	Magnesium
m	metre	K	Potassium
mm	millimetre	Th	Thorium
cm	centimetre	Co	Cobalt
ml	millilitre	Pb	Lead
/	per	Bi	Bismuth
g	gram (0.03215 troy oz)	Ca	Calcium
oz	troy ounce (31.04 g)	ppm	parts per million
Oz/T to g/t	1 oz/T = 34.28 g/t	t	tonne (1000 kg or 2204.6 lb)

3. RELIANCE OF AUTHOR OF THE TECHNICAL REPORT ON OTHER EXPERTS

In preparation of the Technical Report, Mercator has largely relied upon Canstar and Adventus for confirmation of mineral exploration title status, details of option and royalty agreements, an opinion on site environmental liabilities and details with respect to status and requirements for any operating or exploration permits needed to carry out recommended future exploration work defined in this report. This information was used in preparation of section 4.0 of the report and supplied through written and verbal communication with Adventus and Canstar. Mineral exploration assessment reports prepared by Adventus and referenced as Seymour (2015)[1] and (2016)[2] and Canstar reports referenced as Wolfson,

[1] [1] Seymour, C., 2015: First Year Assessment Report On Geological Mapping, Reconnaissance Prospecting, Rock, Soil And Till Sampling, Core Re-Logging, Compilation And 3d Modelling For Map Staked Licences 22217m, 22218m, 22221m, 22222m, 22225m, 22227m, 22228m, 22240m, 22247m, 22331m, 22471m, 22473m, 22474m, 22475m, 22487m, 22522m, 22820m, 22821m, 23224m, 23225m, 23227m & 23294m Buchans Property, Central Newfoundland, NTS 12a/10, 12a/15 & 12a/16; Newfoundland and Labrador Geological Survey, Confidential Assessment File report submitted by Adventus in 2015;

[2] Seymour, C.L., 2016: Adventus Second Year Assessment Report For Map Staked Licences of the Buchans Property, Central Newfoundland, NTS 12a/10, 12a/15 & 12a/16; Newfoundland and Labrador Geological Survey Assessment Report – (Report in preparation at the effective date of the Technical Report).

(2012)[3], Wolfson and Green (2013)[4] and Green (2015)[5] are frequently cited in this technical report to document exploration work carried out by Canstar since 2011. Mercator has reviewed these reports and/or associated information in detail and has in some cases included modified illustrations from these reports, with appropriate citation. Mercator takes responsibility for use of such information in this technical report. Adventus staff provided technical support and professional discussion with respect to the site visit and report content but conclusions and recommendations of this report are those of Mercator.

4. PROPERTY DESCRIPTION AND LOCATION

4.1. Exploration Holdings

The Buchans and Mary March project areas of Canstar and Adventus Zinc Corporation ("**Adventus**") held by Adventus' subsidiary, Adventus Newfoundland Corporation ("**Adventus Newfoundland**") are comprised of 1431 map staked claims and 4 Fee Simple Mining Grants located between the communities of Buchans and Buchans Junction in the Province of Newfoundland and Labrador, Canada. Adventus is vending its 100% interest in its approximately 33,725 ha land package located in the Buchans camp, which represents the largest land position in the camp. Canstar controls the Mary March property, which is a joint interest between Canstar (56%) and Glencore PLC ("**Glencore**") (44%). Canstar has first right-of-refusal to acquire the remaining interest from Glencore.

4.1.1. Adventus Zinc Corporation

Adventus holds a 100% interest in the properties described in this report, which are included in the Adventus Buchans Projects holdings in central Newfoundland. The Buchans Property consists of 13 map staked mineral licenses comprising a total of 1349 map staked claims covering an area of 33,725 ha and licenses are currently held by Adventus' subsidiary, Adventus Newfoundland Corporation. These holdings are located on NTS map sheets 12A/10, 12A/14, 12A/15 and 12A/16 (Figures 4.1 and 4.2). Details of the Adventus Buchans Project exploration holdings are summarized in Table 4.1.

Table 4.1: Summary of Buchans Property Mineral Rights

License Number	Number of Claims	Number of Hectares	Issuance Date	Renewal Date	NTS Map Sheet
022217M	2	50	12/06/2014	12/06/2019	12A/15
022222M	2	50	12/06/2014	12/06/2019	12A/15
023591M	190	4750	12/06/2014	12/06/2019	12A/10,14,15
023592M	190	4750	12/06/2014	12/06/2019	12A/15
023588M	129	3225	06/11/2014	06/11/2019	12A/15, 12A/16
023589M	180	4500	06/11/2014	06/11/2019	12A/15, 12A/16
023590M	185	4625	06/11/2014	06/11/2019	12A/15
023555M	10	250	17/12/2015	17/12/2020	12A/15

[3] Wolfson, I., 2012: Assessment report on geophysical exploration for 2012 submission for fee simple grant Volume 2 Folio 29 and Reid Lot 247, and for first and fourth year assessment for licences 6968M-6970M, 7962M, 19192M, 19430M and 20396M-20398M on claims in the Buchans Junction area, central Newfoundland, 3 reports; Xstrata Zinc Canada and Canstar Resources Incorporated; Newfoundland and Labrador Geological Survey, Assessment File 12A/1537; 156 p.

[4] Greene, B and Wolfson, I 2013: Report on Diamond Drilling Mary March Property 20398M, p116.

[5] Green, B 2015: ASSESSMENT Report on 2014 Induced Polarization Survey and Diamond Drilling Program, Mary March Property, Minerla Licence 20398M, p25.

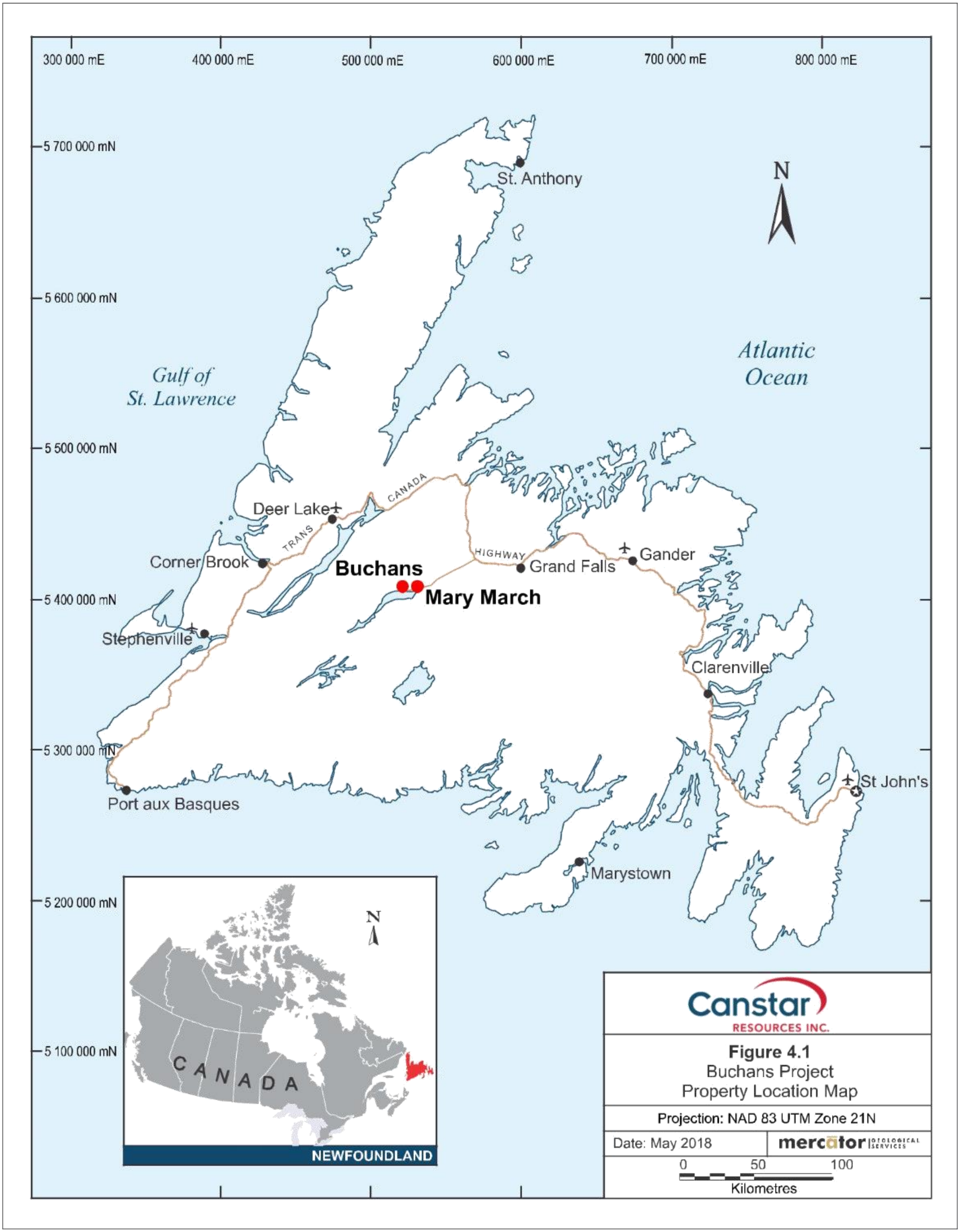
024172M	4	100	29/09/2016	29/09/2021	12A/15
024921M	256	6400	10/04/2017	10/04/2022	12H/01, 12A/16
024922M	183	4575	10/04/2017	10/04/2022	12A/16
024998M	10	250	27/04/2017	27/04/2022	12A/15, 12A/16
025386	8	200	31/08/2017	31/08/2022	12A/15
Total	**1349**	**33,725**			

4.1.2. Canstar Resources Inc.

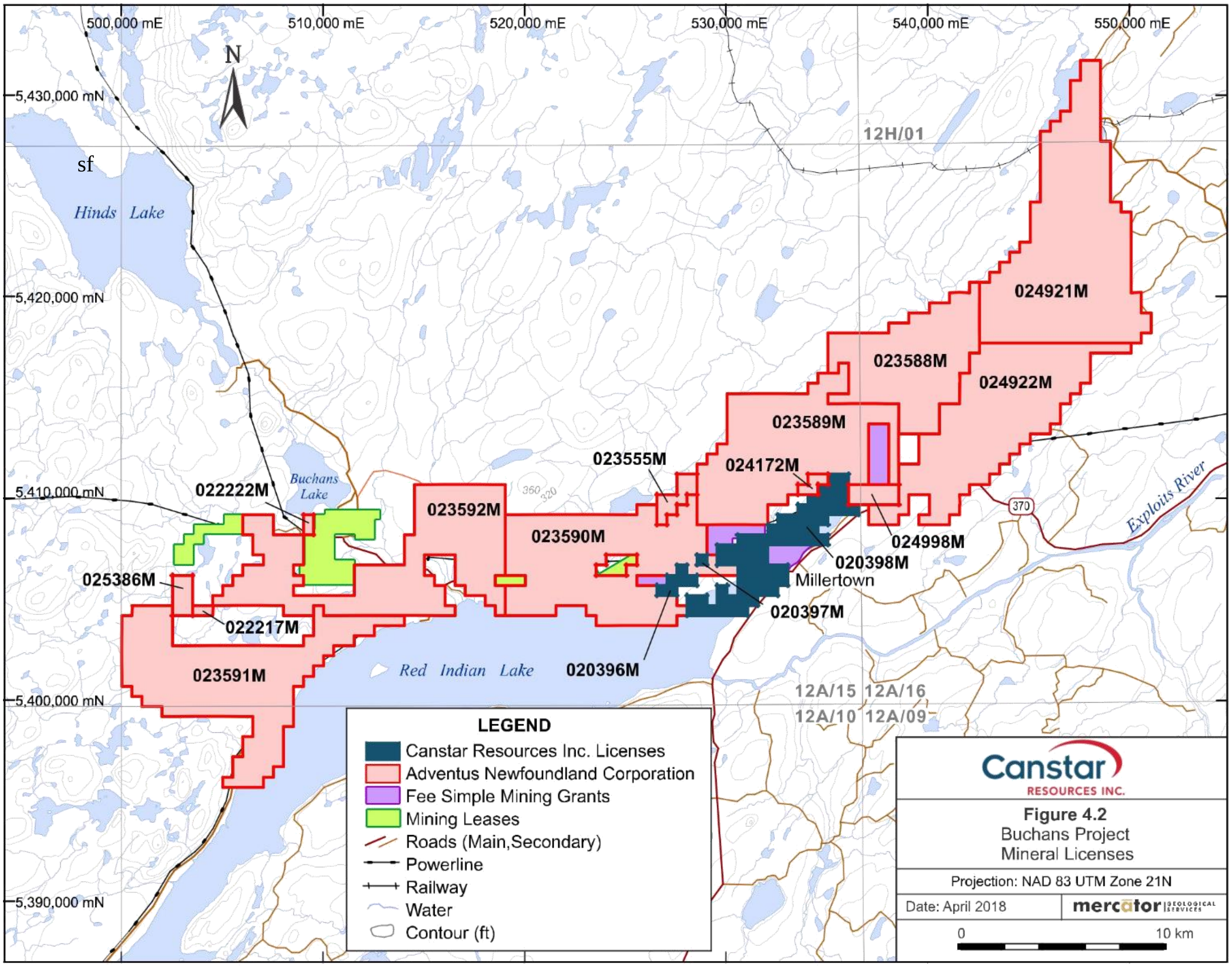
Canstar's Mary March Property consists of 3 Mineral Licences and 4 Fee Simple Mining Grants comprising about 3,536 ha and all claims are part of a joint interest with Glencore (Table 4.3). In 2012 Canstar completed the purchase of the 50% joint venture interest from Freeport-McMoRan of Canada Ltd. ("Freeport"; formerly Phelps Dodge Corporation of Canada Ltd.). The remaining 50% joint venture interest is currently held by Glencore (formerly Xstrata Zinc Canada). Canstar is both the operator and manager of exploration on the Property and since that time Canstar has become majority owner owning 56% of the property with Glencore diluted to 44% ownership.

Table 4.2 Canstar Mineral Licences and Mining Grants Mary March Property

Licence or Mining Grant	Number of Claims	Area (ha)	Issuance Date	Renewal Date	Map Sheet
020396M	6	150	30/07/2012	28/09/2022	12A/15
020397M	1	25	30/07/2012	30/07/2022	12A/15
020398M	75	1,875	30/07/2012	30/07/2022	12A/15
Fee Simple Mining Grant Reid Lot 247	n/a	345	Fee Simple		12A/15
B.E.S. Dunfield Fee Simple Mining Grant Vol.2, Folio 29, Lot 1	n/a	125	Fee Simple		12A/15
B.E.S. Dunfield Fee Simple Mining Grant Vol.2, Folio 29, Lot 2	n/a	383	Fee Simple		12A/15
B.E.S. Dunfield Fee Simple Mining Grant Vol.2, Folio 29, Lot 4	n/a	633	Fee Simple		12A/15
Total	**82**	**3,536**			



300 000 mE
400 000 mE
500 000 mE
600 000 mE
700 000 mE
800 000 mE
5 700 000 mN
5 600 000 mN
5 500 000 mN
5 400 000 mN
5 300 000 mN
5 200 000 mN
5 100 000 mN
N
St. Anthony
Atlantic Ocean
Gulf of St. Lawrence
Deer Lake
TRANS CANADA HIGHWAY
Corner Brook
Buchans
Mary March
Grand Falls
Gander
Stephenville
Clarenville
St John's
Port aux Basques
Marystown
CANADA
NEWFOUNDLAND
Canstar RESOURCES INC.
Figure 4.1
Buchans Project
Property Location Map
Projection: NAD 83 UTM Zone 21N
Date: May 2018
mercator
0 50 100
Kilometres



4.2. Conditions of Exploration Title Newfoundland

Mineral exploration titles in Newfoundland and Labrador are defined and managed under terms and conditions of the Mineral Act (RSNL1990 - Chapter M-12) and associated Mineral Regulations, as amended to date. The description of the system presented below is summarized from information made available by the NLDNR, particularly the Staking and Exploration Guidebook publication that, for current report purposes, is referred to as NLDNR (2010).

The basic unit of map staking in Newfoundland and Labrador is the claim, which is a 25 ha (500 m x 500 m) square area, being one quarter of a (1 km x 1 km) UTM grid square and bounded by one corner of such a UTM grid square. The UTM grid square referred to is the one thousand metre grid used on the 1:50,000 National Topographic Map Series (NAD 27). An application for a map staked licence is made on-line through the Mineral Rights Administration System (MIRIAD) and can be for a maximum of 256 claims, all of which must be coterminous. Coterminous is defined as having at least one side in common. There are no restrictions on the shape of mineral licenses. Licenses extended past year twenty have a maximum size of 100 claims. A mineral license may be converted to a mining lease at any time if the owner deems there to be sufficient mineral resources to warrant conversion and further work.

Each claim staked in a license requires payment of a total fee of CDN $65. This total includes a non-fundable CDN $15 recording fee and a CDN $50 security deposit that is refunded upon submission and acceptance of a report covering first year work requirements for the licence. The security deposit submitted with the application for a map staked licence will be refunded to the current licence holder upon the completion of the first year assessment work and acceptance of such work by government. If a map staked licence has been partially surrendered in the first year and the assessment work required to be done has not been completed, a portion of the deposit in proportion to the partial surrender is forfeited. Also, if a map staked licence is cancelled or surrendered in the first year, the security deposit is forfeited.

The Mineral Act and Regulations in Newfoundland and Labrador states that there is a 30-day wait period for a staking application to be reviewed before a mineral license is issued. After the license is issued (Issuance Date), the license holder has 365 days until the Anniversary Date during which required first year work must be carried out. Sixty-days after the Work Due Date, a report documenting the work performed and a statement of expenditures must be submitted to the Mineral Lands Division.

A mineral exploration licence is issued for a term of five years (which is renewable for 3 additional five year terms and 10 additional one year terms) and can be held for a maximum of 30 years provided that:

- the minimum annual assessment work is completed
- the annual work is reported upon
- the mineral exploration licence is renewed every five years

The minimum annual assessment work values required to be completed on each claim held in a licence are:

- CDN $200 / claim in the first year
- CDN $250 / claim in the second year
- CDN $300 / claim in the third year
- CDN $350 / claim in the fourth year
- CDN $400 / claim in the fifth year
- CDN $600 / claim / year for years six to ten, inclusive
- CDN $900 / claim / year for years eleven to fifteen, inclusive
- CDN $1,200 / claim / year for years sixteen to twenty, inclusive
- CDN $2,000 / claim/ year for years twenty one to twenty five, inclusive
- CDN $2,500 / claim/ year for years twenty six to thirty inclusive

The minimum annual assessment work must be completed on or before the anniversary date. The assessment report must be submitted within 60 days after the anniversary date.

Excess work performed in a given year has a ten-year carry forward currency. This means that should no other work be performed on the license, and adequate excess expenditures exist, the annual requirement will be allocated from the excess until such time the excess runs out or the ten- year time period is reached – whatever comes first. Although no work may have been done by the license holder in the subsequent year or years, provided excess assessment expenditures sufficient to cover the requirement exist, there is no requirement to do work annually.

Should a license holder be deficient in the required expenditures for a license, a security for the amount of the deficiency can be submitted. However, this requires that the deficient work be completed in the next year in addition to the minimum assessment work amount required during that subsequent year. This is referred to as a Condition 2 (CON2) extension and the security is refundable upon acceptance of report documenting that the required expenditures were incurred.

In order for a license to remain in good standing with the Government of Newfoundland and Labrador, the license has to be renewed every fifth year on the anniversary date. The renewal fees escalate for Term 1, Term 2 and Term 3 and are as follows:

- Term 1 Renewal (year 5 of license) is CDN $25 / claim
- Term 2 Renewal (year 10 of license) is CDN $50 / claim
- Term 3 Renewal (year 15 of license) is CDN $100 / claim

4.3. Underlying Agreements

The author has relied upon Canstar to provide the terms of the agreement described in this report and is not otherwise aware of any additional back-in rights, payments, agreements or other encumbrances that apply to the Buchans Project. At the effective date of this report, the author had no reason to question the ownership and mineral title asset status assertions provided by Canstar. Canstar originally earned a 50% interest in the Mary March joint venture and the Mary March properties pursuant to the Exploration Option and Operating Joint Venture Agreement (the “JV Agreement”) between Freeport-McMoRan of Canada Limited's (formerly Phelps Dodge Corporation of Canada Limited) (“**FMCL**”) and Noranda Mining and Exploration Inc. (part of the Xstrata group of companies) (“**Xstrata**”) dated June 2, 1998, as amended, has been exercised as a result of $1.5 million in expenditures being incurred on the Properties. Pursuant to the joint venture agreement among Canstar and Glencore, Canstar is a 56% joint venture partner in the Mary March joint venture with Glencore holding the remaining 44% interest in the properties. On closing FMCL provided registerable documents to transfer title to the Mary March to Canstar. The transfer of a portion of the Properties was conditional on certain filings being processed with the Department of Natural Resources in Newfoundland. Pursuant to the JV Agreement, Canstar is the operator of the joint venture, and each party has a pre-emptive right with respect to the joint venture interest of the other party.

4.4. Environmental Considerations and Exploration Permitting for Recommended Work

Buchans Project is not subject to any known environmental liabilities. None of the exploration companies involved with the project over the years, including Adventus, have carried out more advanced work than line cutting, minor surface trenching and establishment of drill sites and associated access trails. None of this work is considered to have created environmental liabilities of note on the property.

Some work program components recommended in this report fall within categories of exploration activity for which authorization exists at this time. However, additional exploration permitting would be necessary to cover new programs such as core drilling. Canstar has advised that neither Canstar nor Adventus have any difficulty obtaining exploration permits for planned work programs in the property area in the past and has not identified any factors that would substantively change this expectation for other near-term permits. The author is not aware of any other significant factor or risk that may affect access, title or the right or ability to perform recommended work on the property.

5. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1. Accessibility

The Buchans and Mary March project areas occupy the area between the communities of Buchans and Buchans Junction on the north side of Red Indian Lake, approximately 500 highway km from the provincial capital city of St. Johns. The project area is accessible via Route 370, which runs along the length of the property and joins the Trans-Canada Highway at Badger, 30 kilometers west of the town of Grand Falls and about 70 km northeast of Buchans. The area is served by scheduled airlines through commercial airports at Gander and Deer Lake that are located 128 km east and 181 km west, respectively, of the town of Badger. Forestry access roads and lesser trails originating from the main highway or road system crossing the property provide good access for four-wheel drive vehicles and/or all-terrain vehicles (ATVs) to most of the Canstar and Adventus exploration holdings. However, locally extensive open bogs and wet ground conditions hinder equipment access to certain areas.

5.2. Climate

The climate in Central Newfoundland is characterized by relatively cool, northern Atlantic temperate conditions with a short summer season from July through early September and a long winter period from November through late March or early April. Environment Canada records show the daily mean temperature at Buchans during the winter months to be -5° C, ranging from 0° C to - 10° C, and daily mean temperature from May to October is 10° C, range from 5° C to 15°C. Daily winter minimums can exceed -30° C and summer daily maximum values in the 25° C + also occur. Average annual precipitation ranges from 200 cm to 300 cm, with much of this occurring as snow. Exploration activities can be carried out in all seasons in this area, if appropriate allowances are made for heavy snow conditions during winter months and thawing ground during Spring break-up. Break-up can present substantial challenges due to wet and soft ground conditions that can make certain less developed roads temporarily impassable.

5.3. Local Resources

The town of Buchans has a population of approximately 696 people and is supported by services such as a medical clinic, a hotel, a gravel air strip, and groceries and supplies services. Field supplies, fuel and logistical support are available in Buchans and contract geotechnical personnel including drill companies and analytical laboratories are available in both Grand Falls and Springdale. Other supplies and heavy equipment can be brought to Buchans by highway from Deer Lake, Corner Brook or St. John's. The closest deep-water port is 125 km to the northeast at Botwood, which was formerly used as the concentrate loading terminus for the past-producing Buchans mines. The main power line from Grand Falls to Corner Brook passes through the Buchans area and the town itself has full industrial electrical services.

This part of the province is sparsely populated and the community of Buchans has steadily declined in population since closure of mining in the early 1980's. As a result, a trained workforce potentially available for employment in a new mining operation in the area is not present within the community itself. However, within a radius of approximately 200 km, several mining operations are either preparing for, or are currently in, production or are recently closed. In combination, these have been supported by a workforce in the area that could be directed in part toward any potential new mining venture discovered on the Buchans and Mary March Project holdings.

5.4. Infrastructure

Two main arteries of the provincial power grid cross the property, these being a 230 kV transmission line that extends approximately 40 km southwest of Buchans to an 18.4 MW hydroelectric plant at Star Lake, and a 230 kV line that runs between Grand Falls and Corner Brook. The later provides full service to the town of Buchans and crosses the Canstar and Adventus properties. Water, both industrial and potable, is in ample supply and is drawn from Buchans Lake and Red Indian Lake as well as several nearby ponds. An abundance of smaller lakes and waterways is notable on and around the property and supply of water for potential future mining and processing requirements is not considered to be problematic at this time.

The former Duck Pond copper-zinc mine operated by Teck Resources Ltd. is located approximately 20 km east of Red Indian Lake and is vehicle accessible by approximately 60 km of public secondary roads. That site has been closed and Canstar has advised that associated facilities were for sale at the effective date of this report. It is possible that certain assets present at that site, such as milling equipment, could factor favourably in the development of other mining assets in the area, either through sale and re-location or through establishment of a centralized processing center. Adequacy of existing infrastructure at the Duck Pond site to support the latter possibility is unknown to the author and investigation of such is beyond the scope of this report.

Except for a relatively small area within the community of Buchans, the Adventus and Canstar holdings cover forested and bog lands that are either undeveloped at present or have been developed for forestry activities. The large area covered by the licenses has potential to contain various specific sites that, with study, could be deemed acceptable for use as tailings and waste disposal areas, milling infrastructure sites, etc. to support any future mining operations that might result from exploration activities by Canstar. However, the current early stage of exploration programs prevents more definitive assessment of such potential at this time.

Canstar maintains an exploration field office from a rented facility that also houses its secure core logging and storage facility in the town of Millertown, which is within 15 km of the Mary March property. A core storage and logging facility operated by the Newfoundland and Labrador government is available for use at Buchans. This facility is used by government, industry and academic interests and much of the core from historic drilling on the Buchans area properties is stored at this location. Viewing and re-sampling of core can be arranged under government supervision. The core collection constitutes an invaluable source of geoscientific information.

5.5. Physiography

Elevation in the property area ranges from approximately 160 m above sea level (asl) along the shoreline of Red Indian Lake to a maximum of 410 m asl in the western part of the property. Physiography is characterized by gently rolling hills with elevation increasing from the shore of Red Indian Lake to the north towards the Topsails upland region. There are numerous small brooks which drain into Red Indian Lake with spruce and fir growing on the slopes. The depth of till is typically less than 5 metres and the area is generally considered to have less than 5% outcrop exposure. Red Indian Lake occupies a large, northeast trending valley immediately southeast of Buchans and measures approximately 60 km in length by 1.5 km to 5.5 km in width. In general, the property area between Middle Branch and Buchans Junction is poorly drained and covered by areas of shallow bogs and extensive muskeg in the flat areas.

5.6. Access for Recommended Work Programs and Future Operation

Based on site visits and discussions with Canstar representatives, the author of the Technical Report believes that sufficient undeveloped land is present within the Buchans and Mary March Project holdings to support the recommended work programs presented in this report. Although no specific site is being referred to at the effective time of the Technical Report, sufficient undeveloped land is also considered to be present within the project area for siting, building and operating a potential future mining operation, inclusive of typically associated infrastructure such as tailings and milling facilities.

6. HISTORY

6.1. Introduction

The exploration history of the property forms part of the long and complex history of exploration and production within the Buchans mining camp, Mary March zone and surrounding areas. Adventus and Canstar claims include areas that are proximal to the past producing mines in the community of Buchans as well as lands that occur as much as 40 km northeast and 20 km southwest from the community. Intensity of historic exploration has been greatest in areas nearest to past mining operations carried out by Asarco and in proximity to prominent, undeveloped historic base metal occurrences in the district. Most of the lands comprising the Adventus and Canstar claims cover areas that have not been subjected to the high levels of historic exploration that has occurred in the main deposit areas, their immediate strike extensions, and interpreted adjacent zones of potentially correlative Buchans River Formation stratigraphy.

Bulleted summaries of prominent exploration, development and academic undertakings in the Buchans area appear below in sections 6.2. These generalized descriptions of previous work have been summarized and excerpted from the external sources as specifically referred to in the Technical Report. It is important to recognize that not all work programs summarized in section 6.2 were carried out on claims that comprise the Adventus and Canstar holdings. The broader review of exploration history provided below supplies context for more specific information identified as being spatially associated with the Adventus holdings. Recent exploration by Canstar and Adventus is reported in section 9.0.

6.2. Discovery, Mining and Exploration History Summary

The bulleted entries presented below identify significant events recognized in the discovery, mining and exploration history of the Buchans district. None of the mineral deposits or mines mentioned below occurs on the current Adventus or Canstar holdings, are in part contiguous with holdings of others that currently cover the historic mined deposits and other significant discoveries. To better illustrate this point, Figure 7.1 presents locations of the main deposits and past-producing mines relative to Adventus and Canstar exploration holdings. As noted elsewhere in this report, being located adjacent to historic deposits on adjoining exploration lands held by others is not necessarily indicative of similar mineralization on the Adventus and Canstar holdings.

The immediate areas surrounding both mined historic deposits of the district and currently un- developed deposits, for which historic or current resource estimates have been reported, have been most extensively tested by ground geophysical surveys, geochemistry surveys and core drilling programs. As a result, the central portion of the Adventus property that occurs in the Lake 7, Lake and Lake 12 area, between the previously mined Buchans deposits and the unmined Clementine deposit, (Figure 7.1) has been the most intensively investigated by historic exploration.

The following bulleted items provide a summary of major mining and exploration history elements for the Buchans district ordered by chronology. Comments have been provided to clarify the spatial relationships and relevance that these have with respect to Adventus' current claims and licenses.

- Matty Mitchell, a local prospector working for the Anglo-Newfoundland Development Company (AND Company) discovered high-grade base metal sulphide mineralization along the banks of Buchans River in 1905. This area does not occur within the Adventus claims.
- Following early evaluations and unsuccessful development attempts by AND Company after the discovery, the property became part of a joint venture between the AND Company (as Terra Nova Properties Limited and later succeeded by Abitibi Price, and then Abitibi Bowater) and American Smelting and Refining Corporation (Asarco), in 1926. Subsequent to establishment of the joint venture, Asarco developed the existing deposits with production beginning in 1928. None of the deposits discovered or mined by the Asarco – AND Company joint venture occur within the limits of Adventus holdings. However, the central portion of the Adventus property is contiguous to the west with the areas of historic mining. Exploration potential in this area is based on potential extensions of deposit- hosting Buchans River Formation stratigraphy. The author cautions that being located adjacent to historic deposits on adjoining exploration lands held by others is not necessarily indicative of similar mineralization being present on the company holdings.
- Geophysical surveys conducted by Hans Lundberg of the Swedish American Prospecting Company in 1926 using an equipotential method resulted in the discovery of the Oriental and Lucky Strike orebodies. Portions of the central Adventus property that occur between these past-producing deposits and the undeveloped Clementine deposit were covered by surveying during this period. As noted above, this claims configuration with respect to deposits on adjoining exploration lands is not necessarily indicative of similar mineralization on the Adventus holding.
- Throughout the production period (1928 – 1984) Asarco carried out exploration programs on the Buchans Mine property which included extensive exploratory drilling efforts consisting of more than 2000 surface and underground drill holes. Many of the early Asarco holes focused on near surface equipotential anomalies which ultimately aided in the discovery of the Oriental No. 2 orebody. Drilling eventually extended systematically outward, leading to the discovery of the Rothermere, Maclean, Clementine and Mclean extension orebodies (Swanson, 1981). The Mclean Extension orebody was discovered in 1979 and is the last mined deposit to be discovered within the camp. Timing of the main discoveries during this period of exploration are as follows:
  - 1947 - The Rothermere orebody was discovered by systematic drilling from surface and underground west of the Lucky Strike mine at a depth of 240 m;
  - 1950 - Subsequent drilling northwest of Rothermere led to the deeper discovery of the McLean orebody at 650 m;
  - 1953 - Surface and underground drilling aided by a drill hole equipotential geophysical method lead to the discovery of the shallowly buried Oriental No. 2 orebody in close proximity to the Oriental orebody;

- 1960 - The buried, and still undeveloped, Clementine deposit was discovered at a depth of 207 m by deep drilling directed by geologic interpretation without the aid of geophysics;
- 1979 - The McLean Extension orebody was discovered by further underground drilling from the McLean mine – this is the last deposit discovered within the camp;
- 1993 - Newminex Ltd. flagged two Asarco drill holes in the Buchans West area that were drilled in 1970 as having significant sections of altered mafic and felsic volcanics. These holes, numbered 2811 and 2813, were noted as showing the same stratigraphy as the main mineralized horizon of the Buchans River Formation. The presence of strong stockwork pyrite and base metal sulphide stockwork mineralization plus chlorite alteration prompted identification of this mineralized zone as the Clementine West deposit.

As noted previously, none of the deposits referred to above occurs on Adventus and Canstar claims, but the extensive surface diamond drilling campaigns carried out during the Asarco period included completion of investigations at various locations within the current Adventus holding.

- In addition to drilling, Asarco carried out Induced Polarization (IP) and gravity surveys in the 1940's with no new discoveries being identified. Soil and till sampling were extensively conducted during the 1960's and resulted in identification of an anomalous trend to the SW of Buchans which was thought to be related to the Lucky Strike deposit. The extent of geochemical and geophysical surveys carried out at this time by Asarco included coverage of substantive portions of the Adventus holdings but did not result in discovery of any new deposits in such areas.
- The Mineral Holdings Impost Act was rescinded in 1976 and the concession mineral rights system, including much of the Buchans mine property, was converted to ground staked claims at that time. This resulted in a negotiated co-tenancy agreement between Abitibi- Price Ltd. (51%) as exploration managers, and Asarco Inc., (49%) as mine operators. Operations proceeded in this manner for the next 8 years.
- In 1984, mining operations at Buchans ceased due to exhaustion of reserves and in 1985 BP Resources Canada Inc. ('BP') optioned Abitibi-Price's mineral properties throughout central Newfoundland, including its share in the Buchans mine property. This acquisition of exploration interest affected most, but not all, of the current Adventus holdings.
- During BP's tenure between 1985 and 1991, the company completed an Input Airborne EM survey over the entire Buchans claims group as well as soil geochemistry surveys, a small amount of diamond drilling, downhole EM surveys on 13 historic drill holes and various ground geophysical surveys (Wallis, 2001a, 2001b, 2002). Some of this work was carried out on claims now held by Adventus but no new discoveries in the Buchans district resulted from these programs. Much of BP's work during this period was focused outside of the Buchans district, within the very large land base acquired under its agreement with Abitibi-Price. The airborne geophysical survey component of BP's Buchans district work programs covered much of the current Adventus holdings and several core drilling holes were also completed.
- In 1991, BP put all of its Buchans area mineral assets up for sale and suspended exploration activities in Newfoundland. The mineral assets were acquired by Noranda Mining and Exploration Inc. (Noranda) and included mineral holdings in the Buchans Junction and Skidder areas that covered historic mineral occurrences such as Seal Pond, Connel Option, Little Sandy, Mary March and Skidder. Of these, only the Seal Pond area and portions of the Skidder Dacite alteration zone area are located on claims now held by Adventus. The Mary March zone occurs on claims held by Canstar.
- After the lapse of other lands held by BP and lapse of Asarco and Abitibi-Price co-tenancy mineral rights in the camp in August 1995, a consortium of affiliated private companies consisting of GT Geological, Newfoundland Mining and Exploration and Buchans River Limited acquired a large land position in the historic Buchans district through open ground staking. The consortium initially carried out a core re-

logging program to support reinterpretation of past drilling results in the context of new stratigraphic and structural concepts developed in the late 1980's (e.g. by Thurlow and Swanson, 1987; Calon and Green, 1987). Results of the re-logging program confirmed that effects of thrusting had not been fully understood during earlier exploration of the district. As a result, a majority of surface drill holes on the Buchans property were re-logged between 1997 and 2000. Many re-logged historic drill holes are located on Adventus and Canstar claims, with the main concentration being in the central property area where the Lake 12, Lake 7 and Lake 3 alteration zones are interpreted by Adventus as potentially being within the Buchans River Formation.

- In 1997, large areas of land in the Seal Pond-Buchans Junction area that were previously held by Noranda and Celtic Minerals were acquired by Vinland. From 1997 to 2013, Vinland conducted various geophysical surveys (gravity, magnetometer-VLF-EM, IP, PEM) on a series of grids over the properties, along with prospecting and local diamond drilling. Drilling in the Seal Pond area that is of current interest to Adventus occurred during this period and the work programs completed by Vinland fall within the current Adventus and Canstar holdings. These include airborne geophysical surveying and core drilling programs that are further addressed below in sections 9.0. Adventus acquired extensive exploration rights in this area after the majority of Vinland's holdings were dropped in 2013.
- In 1998, Noranda entered into an option agreement with Phelps Dodge Corporation of Canada (Phelps Dodge) with respect to the Mary March property, located east of Buchans and on the Canstar holdings. From 1998 to 2000, the company carried out data compilation, geological mapping, surface and downhole geophysical surveys, lithogeochemical studies and diamond drilling programs.
- In 1998, GT Geological, Newfoundland Mining and Exploration, and Buchans River Limited formed a joint venture with Billiton Resources Canada Inc. ('Billiton'). The Billiton joint venture was active from 1998 to 2001. During this period, Billiton conducted an airborne EM survey (Geoterrex-Dighem, 2000), lithogeochemical sampling (Winter, 2000; Winter and Wilton, 2001; Jenner, 2002), re-logging of historic drill core, a structural reinterpretation of the Buchans mine area (Millar, 2001), geochemical surveys (including Mobile Metal Ion - MMI), induced polarization surveys and limited diamond drilling. Lithogeochemical studies supported by Billiton and reported by Winter (2000), Winter and Wilton (2001) and Jenner (2002) demonstrated that footwall and hanging wall sequences to the ore horizon could be differentiated using major and trace element signatures. This finding allowed further modifications to be made to stratigraphic interpretations and improved prioritization of exploration targets. A structural re-interpretation by ERA- Maptec (2001) also provided an alternative structural interpretation for the Buchans area from the antiformal stack structure proposed by Thurlow and Swanson (1987) and Calon and Green (1987). The new interpretation incorporated a nappe-like structure overturned to the south and opened up exploration potential to exploitable depths within the overturned limbs of folds (Millar, 2001). Targets generated based on these new developments were subject to drilling by Billiton during 1999 and 2000 which lead to the discovery of the HAG zone, Clementine West prospect, Middle Branch prospect and the Airport zone mineralized areas. Before exiting the joint venture in 2001, Billiton reported 126 priority drilling targets with details of a proposed 46,020 m drill program intended to test these targets (Moore and Butler, 2010). Much of the central portion of the current Adventus holdings are included in the area assessed by Billiton and interpretations and results of this work have been compiled by Adventus to support its current exploration programs.
- In 1999, the Mary March Zn-Pb-Cu-Ag VMS discovery was made during a drill program by Phelps Dodge, which intersected massive sulphides in two zones (Mary March and Nancy April). The discovery drill hole (DDH MM294-7) returned a 9.33 m wide zone of massive sulphide mineralization that averaged 10.33% Zn, 1.67% Pb, 0.66% Cu, 118.10 g/t Ag and 4.11 g/t Au (Thurlow, 2000). This discovery sits within the Canstar holdings.
- In late 2000, Phelps Dodge suspended work on the Mary March property after Vinland Resources Limited ('Vinland'- now Eagleridge International Limited) filed a grievance with the Mineral Rights Adjudication Board asking it to overturn the Mineral Claims Recorder's decision to reject Vinland's

mapped staked licenses over the area of the Mary March zone, which was located within A.N.D Charter Land.

- In 2003, Candor Ventures Corp. signed a Letter of Intent with Phelps Dodge to earn Phelps Dodge's 50% interest in the Mary March Property plus a right of first refusal to acquire the remaining 50% interest from Noranda (now Xtrata PLC). Candor conducted exploration work including ground geophysics and drilling outside of the area of Vinland dispute during 2004.
- In 2005, Candor amalgamated with Nustar Resources Inc. to form Canstar Resources Inc.
- In 2007, Phelps Dodge was acquired by Freeport-McMoRan and in 2011 the company transferred its Mary March property interest to Freeport-McMoRan of Canada Ltd. In 2009, the Mineral Rights Adjudication Board unanimously confirmed that the Mary March property was part of the A.N.D Charter Land. This decision was appealed but was ultimately unsuccessful.
- In November 2011 Vinland Resources agreed not to proceed with an appeal after a Judge decided to reject Vinland's claim to the Mary March mineral property. In consideration, Canstar and Xstrata also agreed to waive their entitlement to costs.
- Since 2011, Canstar has conducted ground and airborne geophysical surveys and diamond drilling on the Mary March property. This property is contiguous with the southeast boundary of the Adventus holdings over a strike length of approximately 5 km in an area adjoining Red Indian Lake, approximately 4 km southeast of the Adventus Seal Pond target area. Detailed descriptions of the Canstar exploration programs are found in section 9.0.
- The period after the Billiton joint venture (2001 to 2007) saw exploration largely limited to work required to keep exploration titles in good standing. However, a small drill program designed to test the HAG zone southeast of the former Lucky Strike mine was completed.
- This failed to return significant results. The HAG zone and associated drill holes by Billiton and subsequently the title holder is located on current holdings of Buchans Minerals. These claims adjoin the Adventus claims that cover the Lake 12, Lake 7 and Lake 3 alteration zone targets.
- From 2007 to 2014, most of the exploration in the Buchans area was carried out by Buchans River Limited and Royal Roads Limited. In 2007, Buchans River Limited commissioned a Titan-24 DCIP geophysical survey covering a large area between the Lucky Strike deposit and Clementine prospect. In 2007 Buchans River Limited also conducted a drill program to test the Little Sandy prospect and the highest priority targets defined by Billiton. Work by Buchans River Limited in 2007 included compilation of historic data by Mercator, including establishment of a comprehensive drill hole database incorporating all available historic surface and underground holes. The Titan-24 DCIP survey covered a substantial portion of the current Adventus holdings in the central property area and the compilation program by Mercator included most of the holding.
- In 2008, Buchans River Limited and Royal Roads Corporation combined their assets in central Newfoundland, including the former Buchans mine area, giving Royal Roads Corporation 100% control of the associated exploration activities (RRO/BRL Joint New Release PR#09-08/PR #12-08 May 30, 2008). Subsequent work included an extensive compilation program (Moore and Butler, 2009), and various drill programs at the Lundberg, Engine House and Clementine deposits. A technical report outlining an initial NI 43-101 resource estimate at the Lundberg and Engine House deposits was completed by Mercator for Royal Roads in 2008 (Webster and Barr, 2008) and a NI 43-101 Preliminary Economic Assessment ("PEA") was completed by Wardrop in 2011 using a refined resource model. A name change to Buchans Minerals Corporation (Buchans Minerals) was subsequently carried out and an updated NI 43-101 resource estimate for the Lundberg and Engine House deposits was prepared by Mercator for Buchans Minerals in 2013. The Lundberg and Engine House zones contain current Indicated Resources of 23.4 Mt of 1.41% Zn, 0.6% Pb, 0.35% Cu,

- 5.31 g/t Ag and 0.07 g/t Au and Inferred Resources of 4.3 Mt of 1.29% Zn, 0.54% Pb, 0.27% Cu, 4.47 g/t Ag and 0.08 g/t Au defined by Cullen and Hilchey (2013) for Minco PLC in accordance with NI 43-101.
- In 2014, a substantial portion of the mineral exploration licenses in the Buchans area held by Buchans Minerals reached their 20-year anniversary. Under mineral regulations in Newfoundland and Labrador at the time, a mineral license could only be held for a 20 year term, at which time it had to be converted to a Mining Lease or surrendered. Many claims were surrendered by Buchans Minerals at that time and were subsequently map-staked by Adventus Resources Inc.

7. GEOLOGICAL SETTING AND MINERALIZATION

7.1. Geological Setting

7.1.1. Tectonic Setting

The Buchans property is located within the Dunnage Zone of the Newfoundland Appalachians (Figure 7.1), which represents vestiges of Cambro-Ordovician continental and intra-oceanic crust, back-arc basins, and ophiolites formed in the Iapetus Ocean. The Dunnage Zone is divided by the Red Indian Line into a western peri-Laurentian segment consisting of the Notre Dame Subzone and an eastern peri- Gondwanan segment known as the Exploits Subzone. The Buchans property is situated within the Notre Dame Subzone and is entirely underlain by rocks of the Buchans Group, which formed on the Laurentian side of the Iapetus Ocean. The Buchans Group is separated from the Victoria Lake Supergroup, which formed on the Gondwanan side of Iapetus (i.e. Exploits Subzone) by the Red Indian Line. Deformation associated with the final closure of Iapetus culminated during Late Silurian time when thrusting and folding juxtaposed these initially geographically distinct volcanic belts. The two main subzones of the Dunnage Zone (i.e. Notre Dame and Exploits subzones) have been conclusively differentiated based on stratigraphic, structural, faunal, and isotopic characteristics.

7.1.2. Regional Geology

The Canstar and Adventus holdings are almost entirely underlain by the Ordovician Buchans Group, which comprises a sequence of bimodal volcanic and lesser epiclastic rocks. The Buchans Group hosts the Kuroko-type Buchans (Zn-Pb-Cu) deposits as well as the former Gullbridge (Cu), and Pilley's Island (pyrite, Cu) mines and Mary March (Zn-Pb-Cu), Lake Bond (Zn), Connell (Pb- Zn) and Little Sandy (Cu) prospects.

On its northern margin, the Buchans Group is in thrust contact with the Cambro-Ordovician ophiolitic Hungry Mountain Complex and the Harry's River metabasites which have been thrust southeastward over the Buchans Group; Figure 7.2). This same northern margin also brings the Buchans Group in contact with the Lower Silurian Topsails Intrusive Suite. The contact between the Topsails Intrusive Suite and Buchans Group is uncertain in nature but both thrust and intrusive relationships are interpreted. To the southwest, the Buchans Group is in contact with the Skidder Basalt, but the contact has not been observed. It is not known whether the Buchans Group is in fault or conformable contact with the Skidder Basalt. Both the Skidder Basalt and Buchans Group are overthrust southward onto Lower to Middle

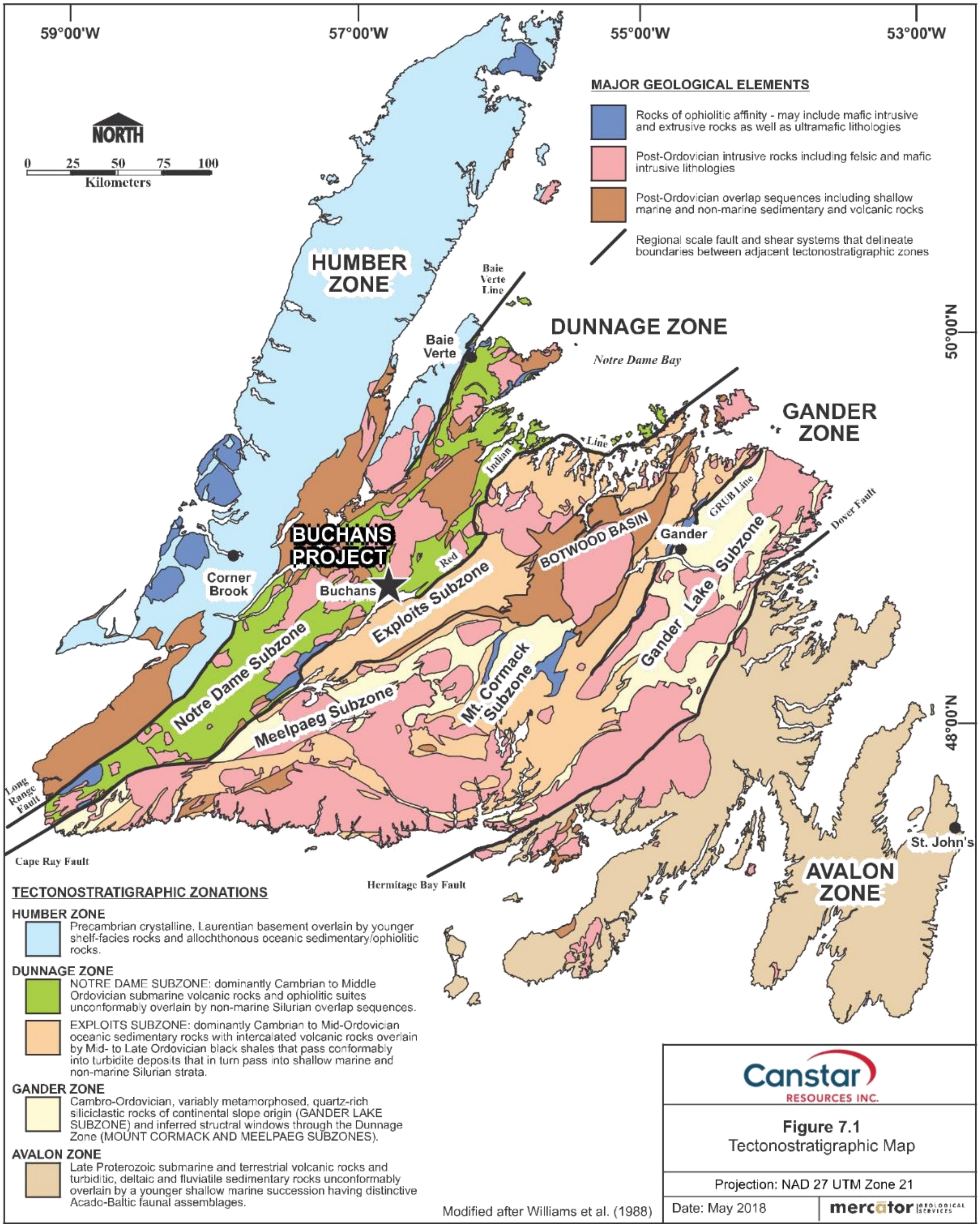
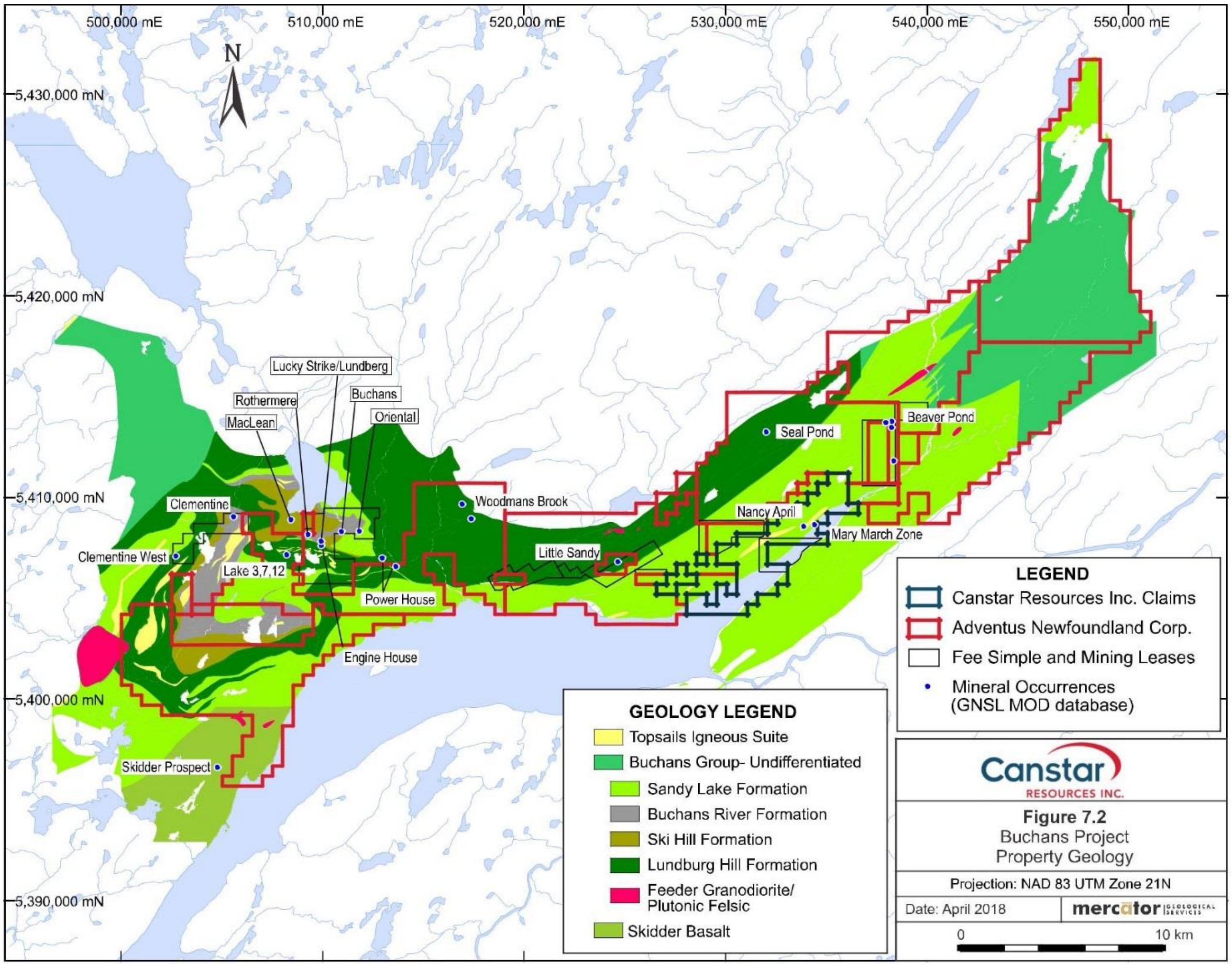


Figure 7.1
Tectonostratigraphic Map



7.1.3. Local Geology

The Adventus and Canstar properties primarily covers volcanic and sedimentary rocks of the Ordovician Buchans Group. The Buchans Group (Swanson and Brown, 1962) is comprised of a dominantly calc-alkalic volcanic suite having mature arc characteristics. In 1987, the stratigraphy and structure of the Buchans Group was re-interpreted resulting in a simpler stratigraphy but more complex structural interpretation . The Buchans Group comprises four formations, namely; Lundberg Hill, Ski Hill, Buchans River and Sandy Lake. In addition to these four formations there is the Feeder Granodiorite and an unresolved unit named the Woodmans Brook Volcanics. Since the work reported above, additional exploration and research in the camp has resulted in further refinement of the local structural and stratigraphic concepts developed in the 1980's. These are in part reflected in Figure 7.2 that presents district scale geology as currently represented in the GIS database of the GSNL as annotated for exploration and presentation purposes.

The following descriptions of the formations comprising the Buchans Group are excerpted from Thurlow and Swanson (1987)[6] (Figure 7.3):

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[6] Thurlow, J.G., and Swanson, E.A., 1987: Stratigraphy and structure of the Buchans Group; in Buchans Geology, Newfoundland, Editor Kirkham, R.V., Geological Survey of Canada, Paper 86- 24; pp. 35-46.

"The Ski Hill Formation consists of a thick pile of black to dark green breccia, pyroclastic rocks and pillow lava of basaltic to andesitic composition. It conformably overlies pyroclastic and tuffaceous sedimentary rocks of the Lundberg Hill Formation in a number of diamond-drill holes north of Lake Seven and reaches a maximum thickness of approximately 1 km. Most flows and fragments in breccias are amygdular and porphyritic with plagioclase and augite phenocrysts. Amygdules filled with combinations of calcite, chlorite, prehnite and pumpellyite are typical throughout the Buchans Group but the Ski Hill Formation also contains abundant zones with distinctive elongate quartz-filled amygdules. Hematite is not abundant, except near the stratigraphic top of the unit. In areas removed from epigenetic stockwork sulphides and alteration, the contact between pillow breccia of the Ski Hill Formation and overlying felsic pyroclastic rocks of the Buchans River Formation is gradational over several metres both in diamond-drill core and numerous underground exposures in the vicinity of the MacLean and MacLean Extension ore bodies."

"The Buchans River Formation hosts all of the major volcanogenic sulphide orebodies of the Buchans Group. Its surface and subsurface distribution is well known in the immediate vicinity of the orebodies and its complex internal stratigraphy has been mapped in detail, in selected areas. In the vicinity of the orebodies, the maximum thickness is in the range of 200 to 400 m. In general, the formation consists of lowermost quartz-poor pumiceous pyroclastic rocks, rhyolite and pyritic siltstone, overlain by quartz-rich rhyolite and crystal-vitric tuff and the transported ore breccias. These are in turn overlain by a thick sequence of felsic tuff with local quartz and feldspar phyric rhyolite. In the vicinity of Lucky Strike and Oriental orebodies, all units below the ore have been silicified, chloritized and sericitized extensively. In the Oriental block the distribution and thickness of the formation is controlled by a linear, northeast-trending paleo-trough which was active during deposition. Early coalescing rhyolite breccia domes are overlain by breccia, debris flows and pyroclastic units which fill the trough."

"The felsic tuff of Buchans River Formation in the Oriental block is overlain conformably by both hematitic basaltic pillow lava-pillow breccia and by arkosic volcaniclastic conglomerate which form the base of the lithologically complex Sandy Lake Formation. These disparate lithologies intertongue and are interbedded locally, though, in general, basalt is more common at the base of the formation in the Sandy Lake area and arkosic conglomerate is predominant at the base in the Oriental- Sandfill area. The arkosic conglomerate is matrix supported and mainly contains rounded rhyolite cobbles with 5 to 10 mm quartz phenocrysts identical to those in the Lundberg Hill Formation. It occupies and levels the remnants of the paleotopographic trough which controlled deposition of the underlying Buchans River Formation. Some interbedding near the contact between the two formations is present as one lens of arkose occurs within tuffs of the Buchans River Formation. This lens of arkose, and that of the overlying Sandy Lake Formation evidently were derived from a different source than the volcanic units of the underlying Buchans River Formation. Similarly, the basalt and arkose of the Sandy Lake Formation appear to have filled the basin episodically from different sources (directions?). Although they intertongue and have limited interbedding, little mixing of the two lithologies has occurred, i.e., basaltic detritus in arkose is absent, except for rare rounded cobbles of basalt and arkosic detritus does not form interpillow material. In the Lucky Strike fault slice, a lithologically more diverse sequence forms the base of the Sandy Lake Formation. These include felsic pyroclastic rocks (some with prominent quartz phenocrysts), polylithic breccia-conglomerate, arkose, wacke, siltstone and graded pumiceous pyroclastic flows. These are conformably overlain by a significant basaltic member (the Lake Seven Basalt of Thurlow and Swanson, 1981)[7]."

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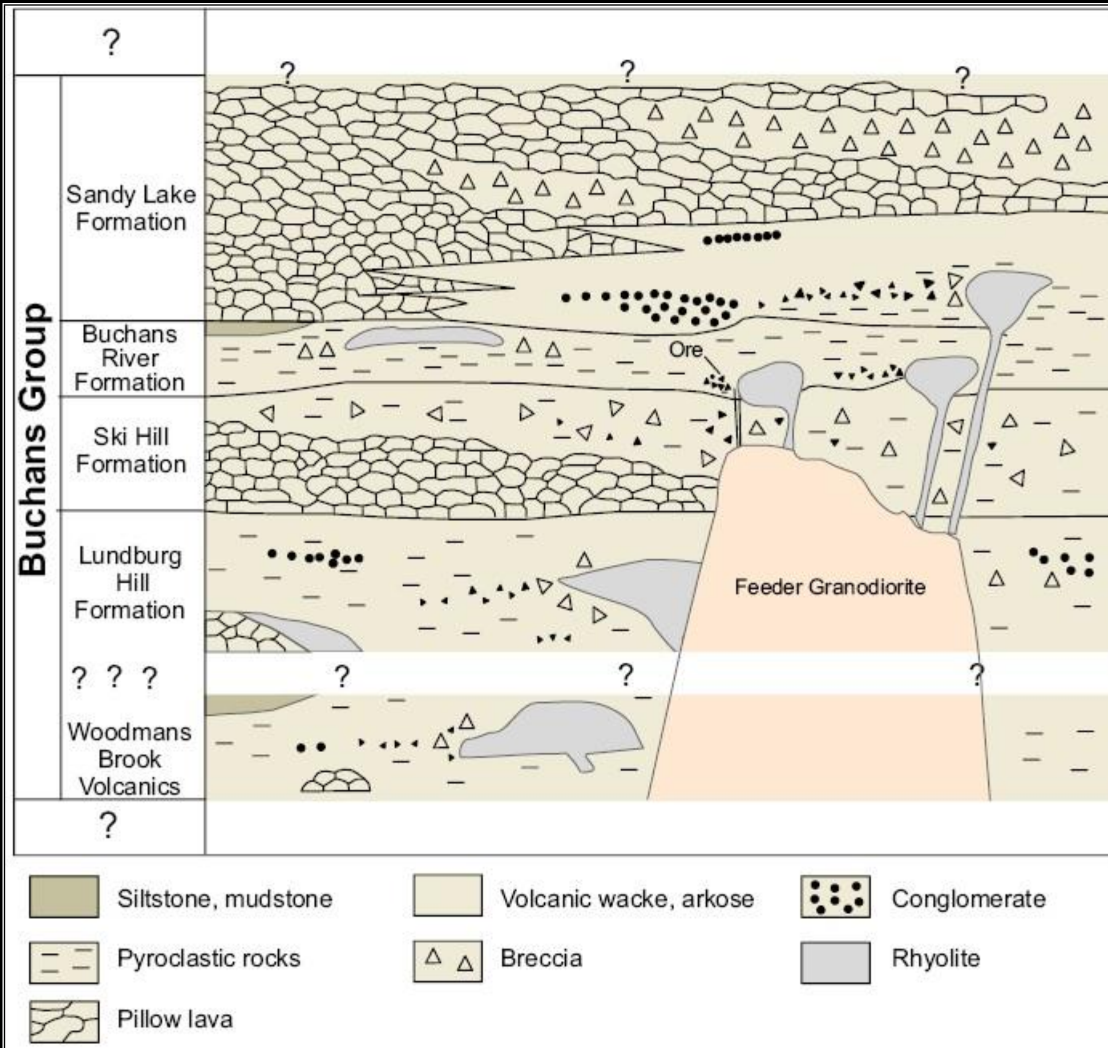
[7] Thurlow, J.G., and Swanson, E.A., 1981: Geology and ore deposits of the Buchans area, central Newfoundland. In The Buchans orebodies: Fifty Years of Geology and Mining; Editors, Swanson, E.A., Strong., D.F., and Thurlow, J.G., Geological Association of Canada Special Paper 22; pp. 114-142.



Stratigraphy of the Buchans Group

Formation	Maximum Thickness in Orientall Block	Maximum Thickness	Lithologies
Sandy Lake Formation	200m	2000m?	Basaltic pillow lava, pillow breccia intertonguing with coarse grained, redeposited clastic rocks of felsic volcanic derivation (arkosic conglomerate, arkose, wacke, siltstone). Local abundant tuff, breccia, polylithic pyroclastic breccia and tuffaceous sedimentary rocks.
Buchans River Formation	200m	400m?	Felsic tuff, rhyolite breccia, pyritic siltstone, wacke, polylithic breccia-conglomerate, granite boulder conglomerate, high-grade in situ and transported orebodies.
Ski Hill Formation	1000m	1000m?	Basaltic to andesite hyaloclastic breccia, pillow lava and massive flow with local polylithic breccia near the stratigraphic top. Minor felsic tuff.
Lundburg Hill Formation	200m minimum	1000m?	Felsic pyroclastic rocks, coarse pyroclastic breccia, rhyolite, tuffaceous wacke, siltstone, lesser basalt, minor chert and magnetic iron-formation

Figure 7.3 Stratigraphy of the Buchans Group (Taken from Thurlow, 2001)[8]

Each of these formations is characterized by rapid lithologic variations and facies changes, considered diagnostic of a proximal volcanic environment . Mafic volcanics typically contain augite and plagioclase phenocrysts, are pillowed, and have amygdules. Pillow breccias are commonly interbedded with pillow lava. Felsic rocks range from dacitic to rhyolitic compositions and typically contain quartz and feldspar phenocrysts. Felsic volcanics are commonly coarsely fragmental and characterized by an array of fragment lithologies, sizes and matrix abundance, as well as matrix compositions ranging from pumiceous epiclastic material to wackes lacking juvenile material. Discontinuous lenses of siltstone, wacke and volcanic conglomerate are commonly associated with felsic volcanic sequences, and true chemical sediments are quite rare. Carbonate rocks are absent, except as clasts in breccias and graphitic sediments are rare. The uppermost Sandy Lake Formation generally lacks the abrupt facies changes observed in the underlying formations and comprises regionally monotonous pillow lava with interbedded fine to coarse, felsic epiclastic sediments sometimes referred to as arkose.

The Middle Ordovician Skidder Formation of the Red Indian Lake Group occurs in the southwestern part of the Adventus Buchans Project area where it is in fault contact with the Buchans Group The Skidder Formation is a succession of mafic flows, breccias and tuffs interstratified by local red chert and dacitic flows and intruded by mafic, felsic and trondjhemite dykes.

7.1.4. Structure and Metamorphism

7.1.4.1. Faulting and Folding

To the west and south of Red Indian Lake the Buchans Group structurally overlies the Skidder Basalt and Ordovician volcanic and volcaniclastic rocks of the Harbour Round Formation and Victoria Lake Group (Figure 7.2). At its northern contact, the Buchans Group is over-thrust from the north by deformed plutonic rocks of the Hungry Mountain Complex.

The recognition of the first thrust faults at Buchans in 1974 marked the beginning of change in understanding of Buchans Group structure and its implications for mineral exploration. In the immediate Buchans mine area, the Buchans Group stratigraphy was recognized as having been extensively telescoped by thrust faults and to display duplex and antiformal stack fault geometries nested at various scales. Two adjacent thrust slices contain all of the known and previously mined orebodies. These structural panels are known as the Lucky Strike panel and Oriental panel and are separated by the Buchans River - Ski Hill fault system. Within the Lucky Strike panel, the orebodies are contained within an antiformal stack over which the Airport Thrust is folded causing an outlying klippen of the Middle Branch Panel. On a smaller scale, both the Lucky Strike and Oriental orebodies comprise antiformal stack structures, which disrupt and repeat ore stratigraphy and thicken the deposits. A high resolution Vibroseis reflection seismic survey conducted in 1989 in the Buchans camp aided in recognition of the Powerline fault and other faults below the Lucky Strike panel. The Powerline fault is an important structure in the Buchans area as it truncates the ore stratigraphy and forms the floor of a large duplex structure that hosts all of the known orebodies.

7.1.4.2. Metamorphic Grade

The Buchans Group is generally un-metamorphosed with only low grade prehnite-pumpellyite facies assemblages observed.

7.2. Mineralization

The main types of base metal sulphide mineralization have been defined to date within the Buchans Group. Mineralization consists of zinc, lead and copper sulphides accompanied by silver and gold. The metal rich horizon is associated with felsic volcanism and mineralization is present as stratiform sulphides, stockwork zones and debris flow (transported) deposits. Barite is the most abundant gangue mineral present and alteration is characterized by

[8] Thurlow, J. G., 2001: Geology of the Buchans Orebodies – A 1999 Summary. In GAC Field Trip Guide Book, Field Trip A2 (Part 1) Geology and Mineral Deposits of the Northern Dunnage Zone, Newfoundland Appalachians; Evans, D.T.W., and A. Kerr editors; pp. 155-163.

quartz-chlorite-sericite +/- K- feldspar +/- carbonate. Mineralization of this style is typical of the Lucky Strike and Oriental deposits as well the Clementine, Clementine West, Connell Option and Mary March prospects and is the focus of most exploration in Buchans River Formation targets defined by Adventus and Canstar.

Mineralization is also hosted by mafic volcanic hosted and consists of stockwork or stringer style sulphides with or without related stratiform massive sulphides. These deposits have abundant pyrite, are copper-zinc bearing and may contain gold. Associated alteration is dominated by chlorite with lesser sericite and silica and the systems commonly have a spatially associated chemical sediment/exhalative horizon with iron oxides that often takes the form of jasperite. This style of mineralization and alteration is present at the Skidder copper-zinc deposit that adjoins Adventus holdings to the southwest and is potentially represented in the Skidder Brook alteration zone and Skidder Dacite target area that occur in related stratigraphy along strike to the northwest of that deposit. Similar settings may be represented in the Adventus Seal Pond target area by interpreted extension of generally related stratigraphy, in the Mary March Brook target area.

Historically, only the in-situ and transported type deposits were mined, but recent work beginning with Royal Roads Corporation and continued by Buchans Minerals (Minco PLC) has also outlined mineral resources in stockwork-type mineralization of the Lundberg and Engine House Zones. These are interpreted as comprising a stockwork zone genetically related to the adjacent high- grade Lucky Strike deposit that consists of in-situ sulphides. Small amounts of insitu mineralization are also included.

No defined mineral deposits having historic or current resource estimates are present within the Adventus or Canstar Buchans project exploration holdings. However, presence of all previously mined deposits, unmined but drilling defined deposits with historic or current mineral resource estimates, and various drilling or outcrop defined indications of anomalous sulphide mineralization on lands that adjoin the Buchans project holdings, combine to define prospectivity for such in stratigraphically similar settings that are interpreted by Adventus, Canstar and others to be present.

8. DEPOSIT TYPES

The following summary of deposit types, attributes and classification reflects review of key references regarding classification of volcanogenic massive sulphide (VMS) deposits in central Newfoundland. More specifically, the Buchans Formation deposits and showings are comprised of base metal and alteration assemblages comparable to Kuroko style deposits of Japan. As noted previously, the characteristic mineralization styles comprising the main Buchans deposits are insitu sulphides, stockwork sulphides and mechanically transported sulphides.

Thurlow et al. (1975)[9] interpreted zoned, massive sulphide, insitu mineralization to have formed close to felsic volcanic vent zones and noted that such mineralization is found in the high grade sulphide zones of the district exemplified by the historically mined Lucky Strike and Oriental deposits. A barite cap interval is characteristic of Buchans insitu deposit systems. The felsic volcanics that form the footwall stratigraphic section to insitu mineralization also host extensive stockwork style mineralization that is interpreted as the insitu mineralization's associated hydrothermal system. As noted in Cullen and Hilchey (2013)[10], stockwork mineralization consisting of network sulphide veins and veinlets that cut strongly altered and sulphide impregnated host rocks comprise the Lundberg and Engine House deposits that underlie the Lucky Strike insitu deposit. They also note that work by others has shown that stockwork mineralization has a higher ratio of pyrite to base metal sulphides than seen in insitu sulphide zones and lesser amounts of chalcopyrite, sphalerite, galena and barite.

[9] Thurlow, J. G., Swanson, E. A. and Strong, D. F., 1975: Geology and lithogeochemistry of the Buchans polymetallic sulfide deposits, Newfoundland; Economic Geology, vol. 70 no. 1, pp. 130-144.

[10] Cullen, M. and Hilchey, A., 2013: Mineral Resource Estimate Technical Report On The Lundberg Deposit, Buchans Area, Newfoundland, Canada, Effective Date: February 22nd, 2013; NI43-101 Technical Report by Mercator Geological Services Limited For Buchans Minerals Corporation and CentreRock Mining Limited (a wholly-owned subsidiary Of Minco Plc); 144 p.

Thurlow (2001) described mechanically transported sulphide deposits as being paleo-channel controlled debris flow deposits originating from sites of insitu mineralization. The transported sulphide deposits at Buchans are elongate accumulations of high grade massive sulphide fragments and lithic fragments that occur in a matrix of finer grained material similar to the fragments characterizing both the source deposits and their host rocks. The deposits are spatially constrained by well-defined paleo-topographic channel limits. The same author notes that six of these channels are recognized in the Buchans area. Clasts within the channels include various volcanic, sedimentary and plutonic lithologies, all of which are interpreted to have been locally derived. Massive sulphides and barite occur both as clasts and matrix material.

As summarised previously in Cullen and Hilchey (2013), previous workers (e.g. Thurlow, 2001) interpreted Buchans mineralization to have formed within a submarine exhalative caldera setting that was bounded by a major structure to the south of Buchans. However, a revised interpretation invokes northeast-trending synvolcanic normal faults as primary discharge zones for mineralizing fluids.

Reviews of VMS deposit classifications are included in publications by Franklin et al. (2005)[11], Galley et al. (2007)[12], Gibson et al. (2007) and Piercey and Galley (2009) and it is helpful to consider these in light of comprehensive earlier work on central Newfoundland deposits such as that reported by Swinden et al. (1988)[13]. Recent trends in general VMS classification are host lithology and time stratigraphy based and Franklin et al. (2005) defined the first five groups of VMS deposits listed below. The sixth "hybrid" group was subsequently added.

- bimodal-mafic,
- mafic-backarc,
- pelitic-mafic,
- bimodal-felsic
- felsic-siliciclastic
- hybrid bimodal felsic,

Galley et al. (2007) note that these lithologic groups broadly correlate with different submarine tectonic settings and reflect a change from the most primitive VMS environments, represented by ophiolite settings, through oceanic rifted arc, evolved rifted arcs, continental back-arc to sedimented back-arc settings. Within this categorization framework for VMS deposits, the polymetallic deposits of the Buchans River Formation that form the primary exploration focus fall within the bimodal-felsic category.

9. EXPLORATION

9.1. Introduction

[11] Franklin, J.M, H.L. Gibson, I.R. Jonasson, and A.G. Galley, 2005: Volcanogenic Massive Sulphide Deposits: in Hedenquist, J.W., Thompson, J.F.H., Goldfarb, R.J., and Richards, J.P., eds., Economic Geology, 100th Anniversary Volume; The Economic Geology Publishing Company; pp. 523-560.

[12] Galley, A.G., Hannington, M.D., and Jonasson, I.R., 2007: Volcanogenic massive sulphide deposits, in Goodfellow, W.D., ed., Mineral Deposits of Canada: A Synthesis of Major Deposit- Types, District Metallogeny, the Evolution of Geological Provinces, and Exploration Methods; Geological Association of Canada, Mineral Deposits Division, Special Publication No. 5; pp. 141- 161.

[13] Swinden, H. S., Kean, B. F. and Dunning, G. R., 1988: Geological and paleotectonic settings of volcanogenic sulphide mineralization in central Newfoundland; in The volcanogenic sulphide districts of central Newfoundland, a guidebook and reference manual for volcanogenic sulphide deposits in the early Paleozoic oceanic volcanic terranes of central Newfoundland, Compiled by H. S. Swinden and B. F. Kean, Geological Association of Canada-Mineralogical Association of Canada-Canadian Society of Petroleum Geologists, Field Trip Guidebook trips A2 and B5, 1988, pp. 5-26.

Canstar is the current issuer and the exploration reported in this section is specific to the Canstar Buchans area holdings. Adventus as one of the vendors in this transaction and completed recent exploration, and the information reported in this section is specific to the Adventus Buchans area holdings.

9.2. Adventus Exploration

9.2.1. 2014-2016 Exploration by Adventus

Adventus has explored the Buchans Project holdings since 2014. This work has been focused on digital compilation of historic geoscientific data followed by interpretation and reassessment of such information in the light of new geological interpretations and technological approaches. Work completed during the 2014 through 2016 period includes re-logging of archived diamond drill core, digitizing of archived geochemical, geophysical and geological survey results, and district scale characterization of bedrock lithology properties using portable XRF and infrared spectrometry methods, measurement of magnetic susceptibility and specific gravity parameters and photographic documentation applied to approximately 2000 NLDNR rock library samples from the Buchans area. The field component of the Adventus programs consisted of geological mapping and prospecting plus rock, till and soil sampling. A till indicator mineral study based on application of Scanning Electron Microscope - Mineral Liberation Analysis® (SEM-MLA) methods to mineral concentrates was also initiated in conjunction with Memorial University (MUN) and Research & Development Corporation of Newfoundland and Labrador (RDC) was ongoing at the effective date of this report. Field work was concentrated along the numerous forestry access roads that are present throughout the property, many of which were established within the last 8 or 9 years. These relatively new roads collectively provide access to bedrock exposures that were not available during past periods of concentrated exploration and mapping programs carried out by previous explorers. This factor enhances discovery potential for near surface mineralization and associated alteration systems.

All of the digital data collected by Adventus during 2014 and 2015 programs, in addition to that assembled through a review and compilation of existing geophysical, geological and geochemical data, was carried out for Adventus by Geoscience North Ltd. Adventus also utilized the company to create a fully integrated, three dimension (3D) geological-geophysical model of the Buchans district using the GOCAD® modelling platform. This was done to aid exploration targeting and is being developed as a key component of ongoing, integrated property exploration.

9.2.2. Soil Sampling at the Skidder Dacite Zone and Seal Pond Area

A soil sampling grid was established during August and September of 2014 over an area of altered and mineralized felsic and mafic volcanic rocks discovered during prospecting in the Skidder Dacite Zone target area on license 23591M. Grid coverage was subsequently extended during October and November of the same year. A total of 353 B-horizon soil samples were collected along reconnaissance grid lines oriented at 135-315° and 045-225°. The grid lines were spaced 100 m apart and samples were collected every 25 m where ground conditions permitted. Six soil samples spaced approximately 40 m apart along two northeast-southwest oriented lines were also collected on license 23588M. These were collected to test an area of anomalous silver in tills from a recent till survey reported by Organ (2014) and conducted by the Geological Survey Division of NLDNR. A soil grid was also established over altered, mineralized felsic and mafic volcanic rocks in the Seal Pond target area (license 23589M). Soil sampling was conducted during June 2016 along 200 m spaced lines of an existing, historic cut grid with lines oriented at 135-315°. Soil samples were collected every 25 m along the existing grid lines for a total of 586 B-horizon soils.

In all survey areas a two-person crew collected the soil samples using Edelman fixed-handle soil augers. At each sample site location, coordinates were recorded using a hand held Garmin GPS and details regarding the soil horizon, color, composition and surrounding vegetation were noted. Each sample consisted of approximately 1 kg of B-horizon material and was placed in a numbered Kraft soil sample bag. Samples were delivered to the Eastern Analytical Ltd. laboratory in Springdale NL for ICP multi-element analysis after aqua regia digestion and gold determinations by fire assay methods.

Figures 9.1 and 9.2 present examples of thematically mapped results for zinc from the Seal Pond and Skidder Dacite Zone program and Table 9.1 and Table 9.2 presents basic distribution statistics for associated data sets. Anomalous copper and zinc values define a northwest-southeast oriented anomalous trend measuring approximately 100 m x 900

m. Anomalous lead values are more sporadic in distribution and do not define distinct anomalies. Within the area of anomalous copper and zinc responses, outcrops and boulders of altered felsic and mafic volcanics, locally with traces of disseminated sulphide mineralization (pyrite +/- chalcopyrite +/- sphalerite), were identified by Adventus through prospecting. Anomalous copper values broadly correlate with an area of locally chalcopyrite bearing, mafic volcanic outcrops and boulders found in the northwest part of the grid. Similarly, the zinc anomaly generally correlates with an area of altered felsic volcanic outcrops and boulders found by prospecting in the southeastern part of the grid.

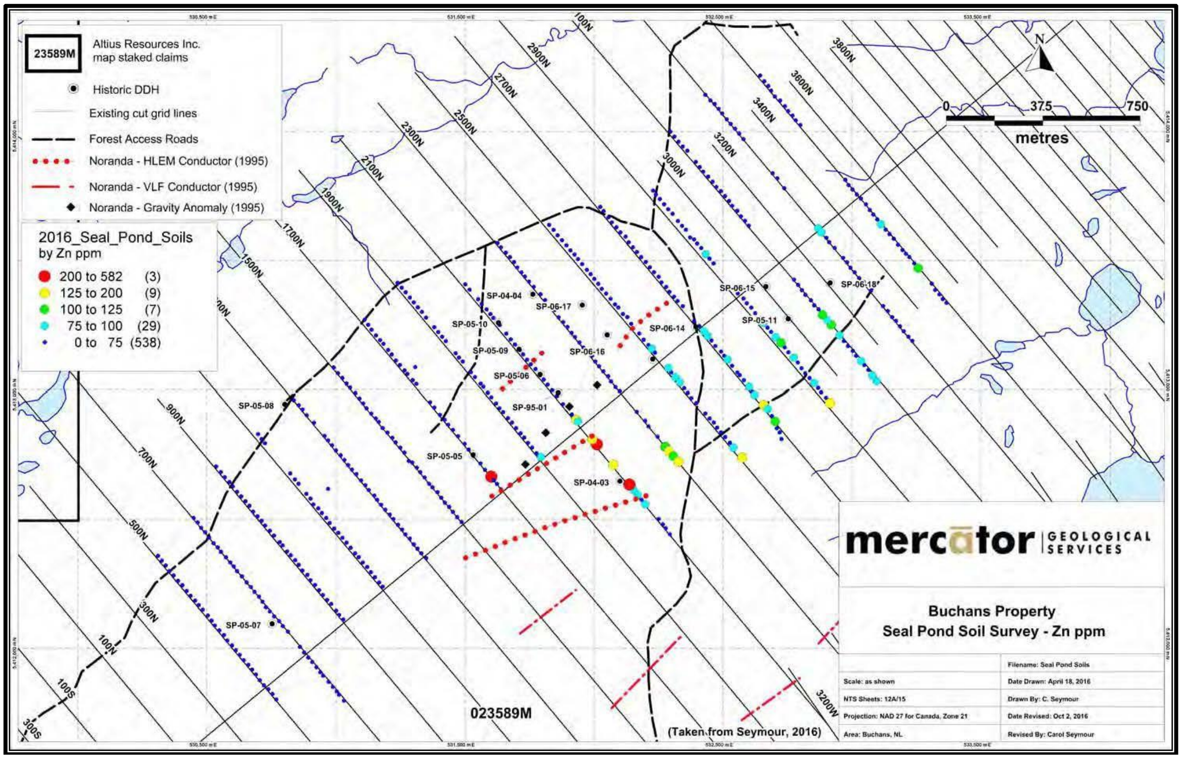
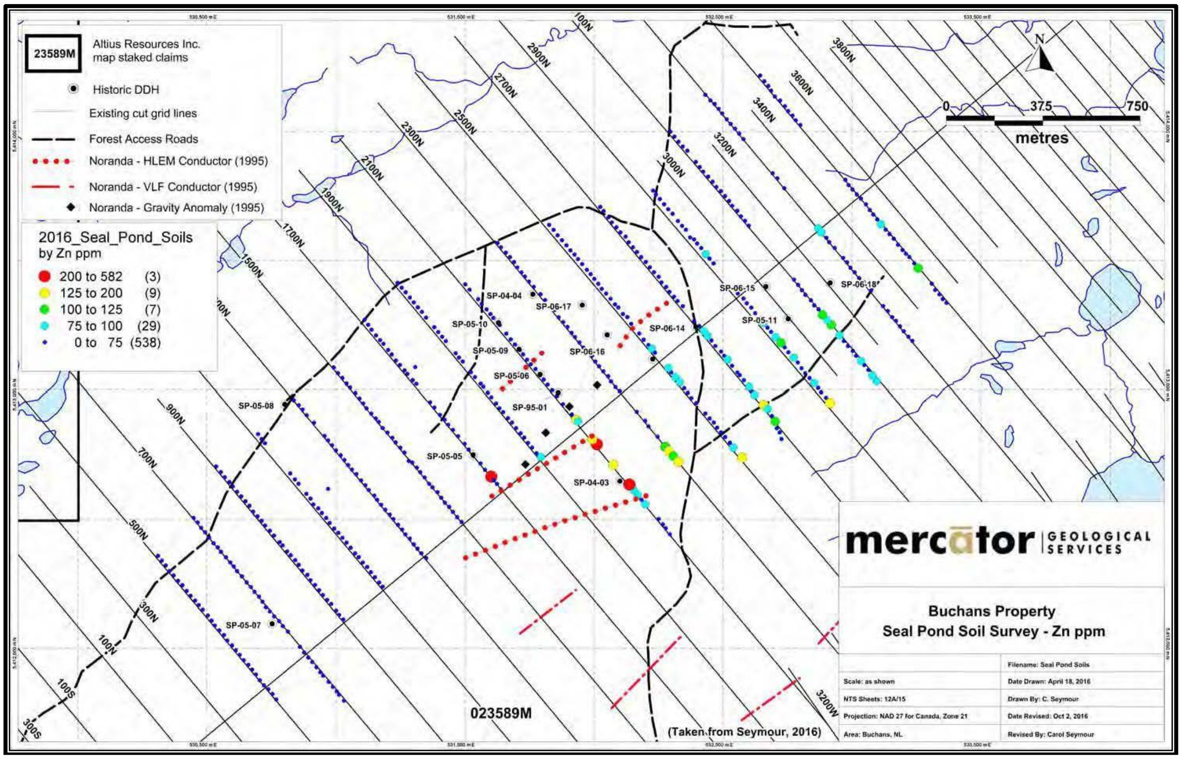


Figure 9.1: Seal Pound Area soil survey zinc (Zn) results

Table 9.1 Skidder Dacite Zone Soil Survey Summary Statistics (n = 353)



Previous work in this soil grid area by Noranda identified northeast trending electromagnetic (EM) survey conductors with coincident IP chargeability anomalies. In 1970, Asarco drilled two holes in this area (H2817 and H2819) and H2817 intercepted 0.71% Cu over 1.5 m.

Analytical data from the 586 soil samples analyzed by Adventus for the Seal Pond area produced coincident, northeast-southwest trending zinc and copper responses in the southeastern part of the soil grid (Figures 9.4 and 9.5). These define an anomalous zone measuring approximately 1400 m in length and 700 m in width, with maximum zinc and copper values of 582 ppm and 87.5 ppm, respectively. Table 9.2 presents basic statistics for the Seal Pond area program.

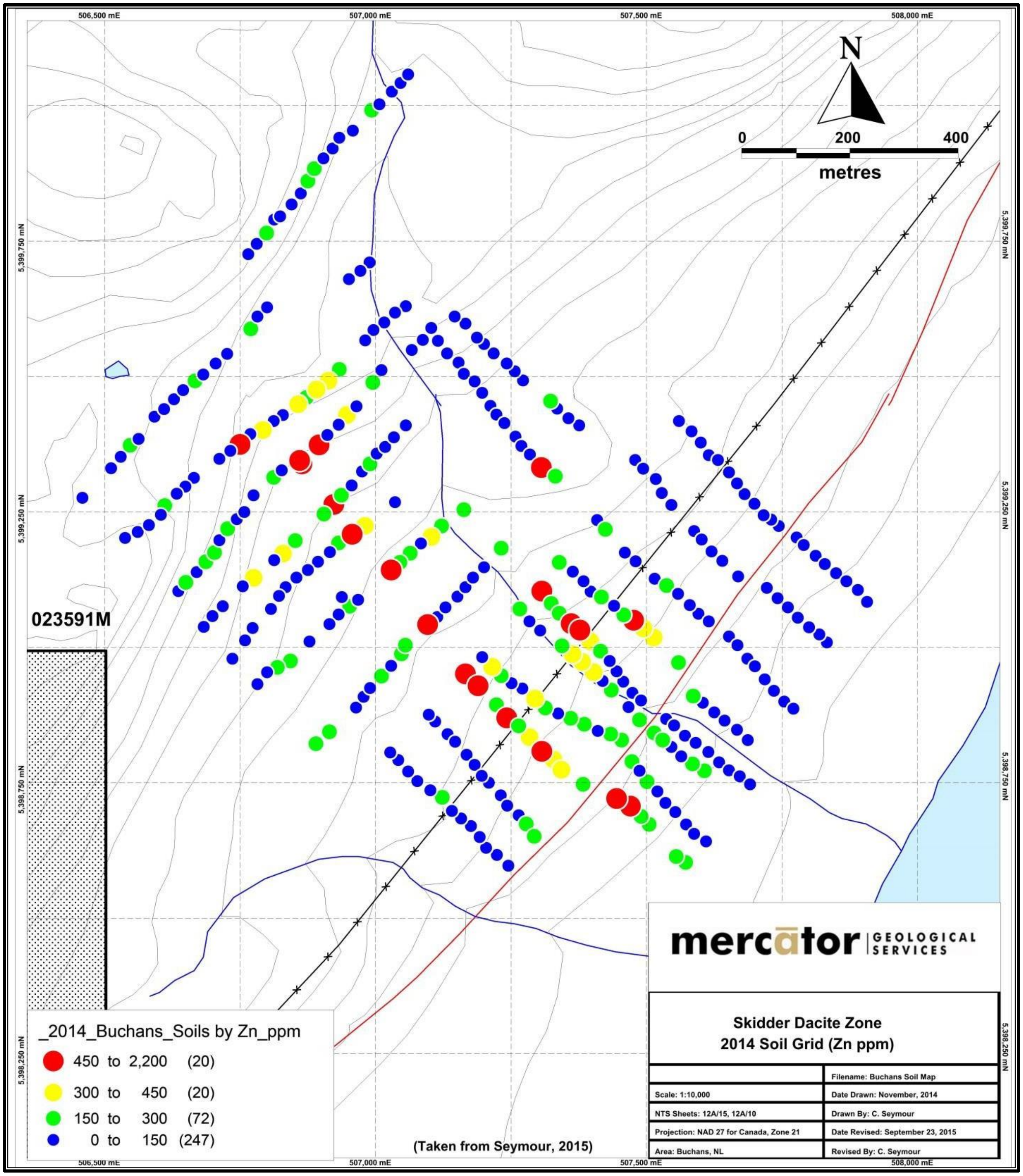


Figure 9.2: Skidder Dacite Area soil survey zinc (Zn) results

Table 9.2. Seal Pond Soil Survey Summary Statistics (n=586)

					Percentile		
	Min	**Max**	**Mean**	**Standard Deviation**	**75th**	**90th**	**95th**
Cu (ppm)	1.5	87.5	10.5	9	12.4	18.2	23.6

Pb (ppm)	3.5	218	8.3	10	8.4	10.6	12.8
Zn (ppm)	4	582	30.3	39	32.0	64	91

The Seal Pond anomalous trend corresponds with an area of infrequent outcrops of altered and mineralized mafic and felsic volcanics and overlies alteration and mineralization intervals intersected in historic “SP” series diamond drill holes. The zinc-copper anomaly extends to the western limit of soil grid coverage on line 2100N. Survey highs for both metals occur in this area (Zn – 582 ppm and Cu - 87.5 ppm) and spatially assign to the area of a Noranda Horizontal Loop Electromagnetic (HLEM) survey conductor that does not appear to have been previously tested by drilling. Both the survey high sample site and the historic HLEM conductor occur in an area of untested stratigraphy between drill holes SP-95-01 and SP-04-03 that measures approximately 300 m in length. SP-95-01 was drilled by Noranda in 1994 and intersected a 10 cm zone of sphalerite- rich mineralization at the contact between mafic and felsic volcanics that returned values of 0.54

% Cu and 3.25 % Zn. SP-04-03 was drilled by Vinland in 2004 and intersected disseminated and stringer pyrite mineralization with lesser amounts of chalcopyrite and sphalerite. The Vinland core had not been previously sampled, but samples collected by Adventus during re-logging in 2015 returned values up to 5490 ppm Cu and 8310 ppm Zn over 0.5 m (Sample 135277: 81.8-82.3 m) from dacitic volcanics with chlorite-pyrite stringers plus minor chalcopyrite and sphalerite.

The area southwest of the soil anomaly on line 2100N has not previously been tested by drilling and Seymour (2016) proposed that the soil grid be extended to cover historic grid lines 1300N, 1500N, 1700N and 1900N, south of the baseline, in order to determine the extent of the anomaly as well as to cover two HLEM conductors compiled from the 1995 Noranda survey described by Squires (1996). Trenching follow-up preparatory to a decision on geophysics and core drilling, was also recommended.

9.2.3. 2016-2017 Exploration by Adventus

During the 2016-2017 field season Adventus continued work including a digital compilation of historic exploration data for the claims, a small soil sampling program, completion of a NI43-101 Technical Report by Mercator and a helicopter borne Time Domain Electromagnetic (TDEM) and magnetic survey.

During the reporting period a historical compilation of past work was completed on Licences 24921M, 24922M 24899M and 25386M. This work included a literature review and compilation of data from assessment reports, academic reports and government survey reports. Information within these files included rock samples, soil and stream samples and the location of geophysical anomalies and mineralized boulders.

A soils grid established in the summer of 2016 at Seal Pond was extended to the southwest in the fall of 2016. The purpose of the extension was to further delineate, an area of anomalous Zn and Cu outlined in the earlier 2016 survey. A total of 66 additional soil samples were collected and successfully extended the anomalous zone to the southwest.

Mercator was contracted to prepare a NI43-101 Technical Report for Adventus, which acquired the claims from Altius through a property acquisition agreement. The purpose of the report was to provide an independent assessment of the Buchans Project exploration potential to support an Initial Public Offering (IPO) by Adventus, on the TSX Venture Exchange (TSX.V). At that time Mercator believed that good VMS base metal exploration potential was present within the Buchans Project exploration holdings discussed in the report and that further evaluation of this potential was warranted. More specifically, programs of detailed geological mapping, prospecting, additional core re-logging, and trenching were recommended for the Seal Pond, Mary March Brook and Skidder Dacite Zone target areas. Continued core re-logging and compilation with associated interpretation of results were also recommended for the Lake 7 and Lake 12 alteration zones and a similar approach was recommended for several other areas of known alteration having anomalous levels of base metal sulphides.

A Time Domain Electromagnetic (TDEM) and magnetic survey was completed by Skytem Surveys on behalf of Adventus in June 2017. The survey area covered all the Buchans area claims except for 25386M, which was acquired allowing the survey. The survey included a total of 3,867 line km along 100 m spaces flight lines. He contractor report presents basics survey parameters and graphics output. Adventus has recommend detailed reinterpretation of the TDEM survey results and ground follow-up of any anomalies identified (Figure 9.3)

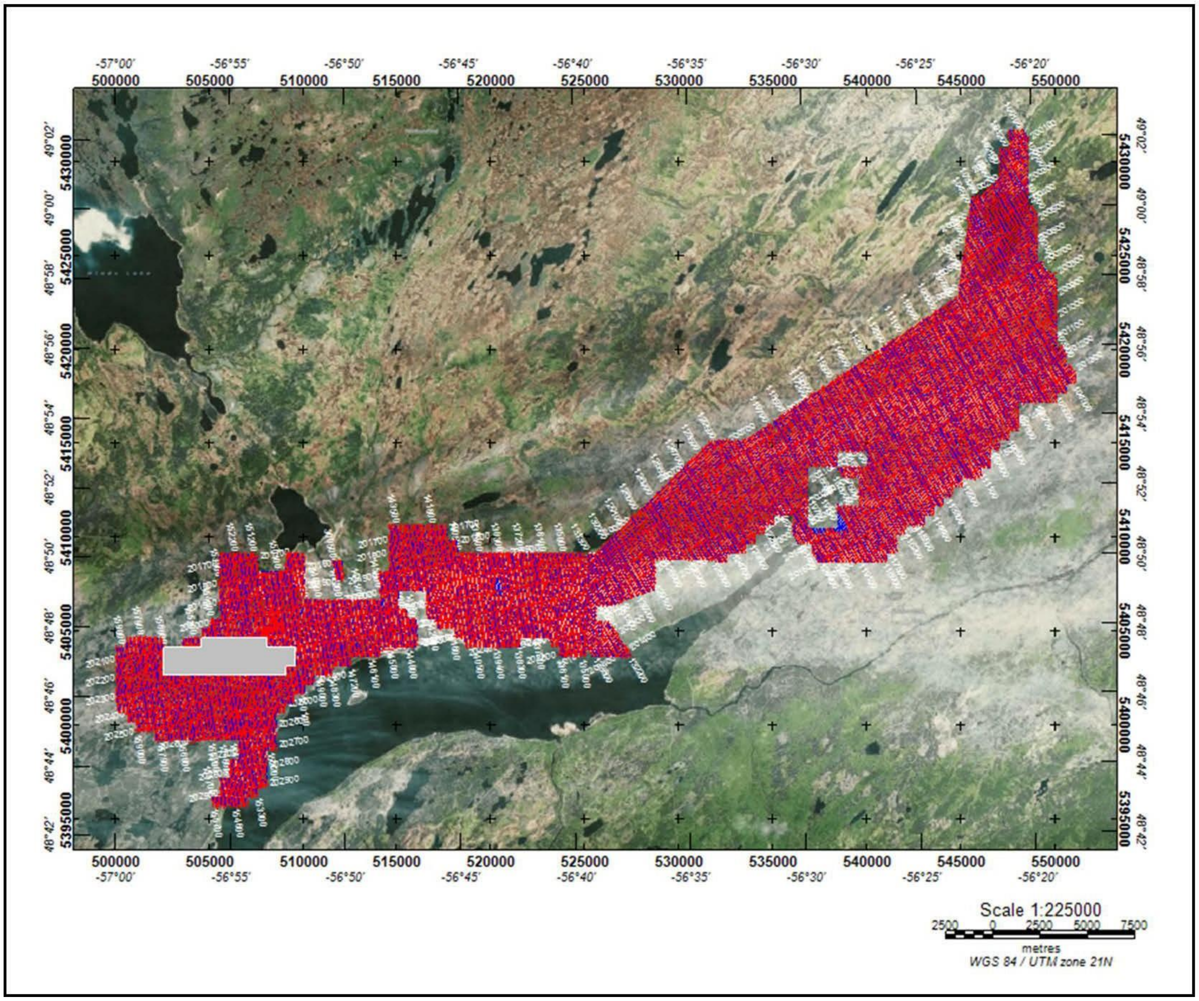


Figure 9.3: TDEM Coverage Area

9.3. Canstar Exploration

Buchans area exploration by Canstar began after the consolidation of property holdings in 2005 by companies Candor and Nustar Resources Inc. In 2012, Canstar conducted ground and airborne geophysical surveys and diamond drilling on the Mary March property. This property is contiguous with the southeast boundary of the Adventus holding over a strike length of approximately 5 km in an area adjoining Red Indian Lake, approximately 4 km southeast of the Adventus Seal Pond target area.

9.3.1. 2012 Airborne HELITEM Geophysical Survey

A helicopter based HELITEM electromagnetic and magnetic geophysical survey was carried out for Canstar by Fugro to identify magnetic and conductive anomalies within the claim block. Descriptions of the instrumentation, equipment, procedures and results are contained in Fugro's geophysical reports. The survey was flown in two parts covered with the first survey coving one claim wholly owned by Canstar (019192M), which has since been dropped and is not part of the current Canstar claim holdings, and the northeast portion of licence 020398M jointly held by Canstar and

Glencore (Figure 9.4). Total survey coverage of 79.87 line km consisted of 72.34 km of traverse lines flown with a spacing of 100 m and 7.53 km of tie lines with a spacing of 900 m.

The second part of the survey covered the claim blocks jointly held by Canstar and Glencore including claims 20398M (Figure 9.5). Total coverage of 422 line km consisted of 379 km of traverse lines flown with a spacing of 100 m and 43 km of tie lines with a spacing of 900 m. Canstar recommend obtaining an interpretation of the survey results to aid in future exploration programs.

Together the surveys identified magnetic highs that define features that show an overall NE-SW trend in the survey area. A magnetic high along the southeast side of the Red Indian Lake shore near Millertown extends in a SW direction into the Red Indian Lake. NE-SW trending magnetic highs also occur along the northwest side of the lake. These two magnetic features merge together in the lake. The Residual Magnetic Intensity and Calculated Vertical Magnetic Gradient maps suggest that the survey areas have been subjected to deformation and alteration .

The HELITEM data suggests that the geology under the survey area is generally very resistive. The apparent conductivity map shows high conductive zones near the outlet of Mary March's Brook and in Red Indian Lake. Bedrock conductors and discrete thin bedrock conductors appear to be located along the conductive zones and also along the northwest shoreline in the south part of the block. The contractor suggested the cultural responses may be responsible for a NE-SW trend along the highway in the survey area and are likely related to a powerline. Reprocessing of geophysical survey data was recommended.

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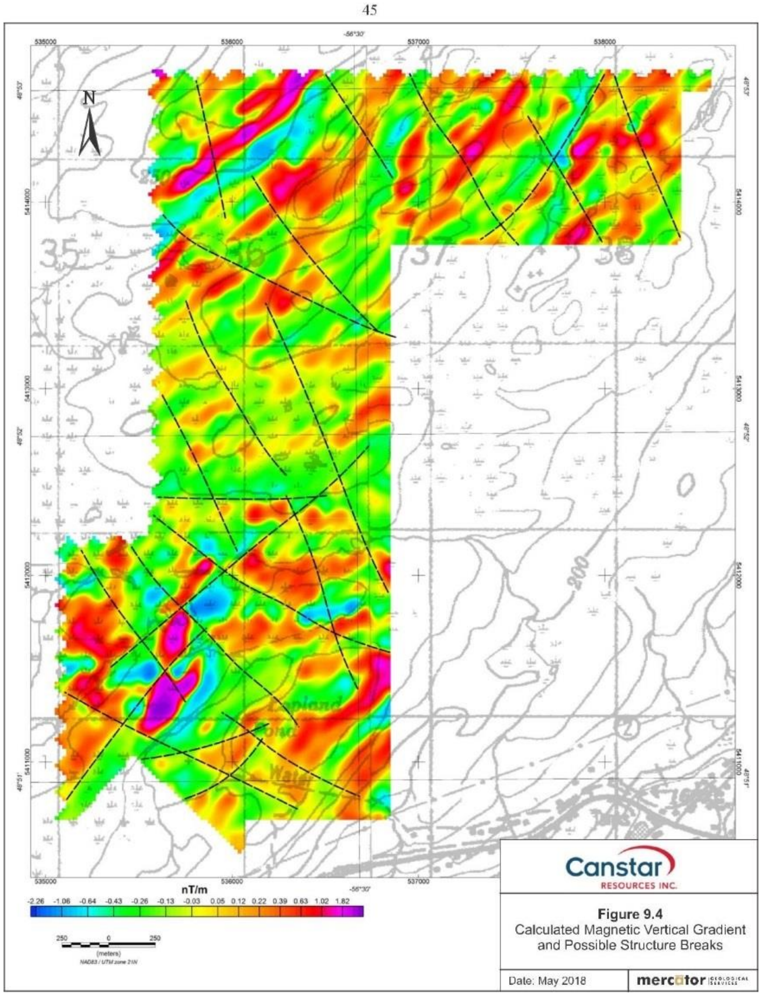
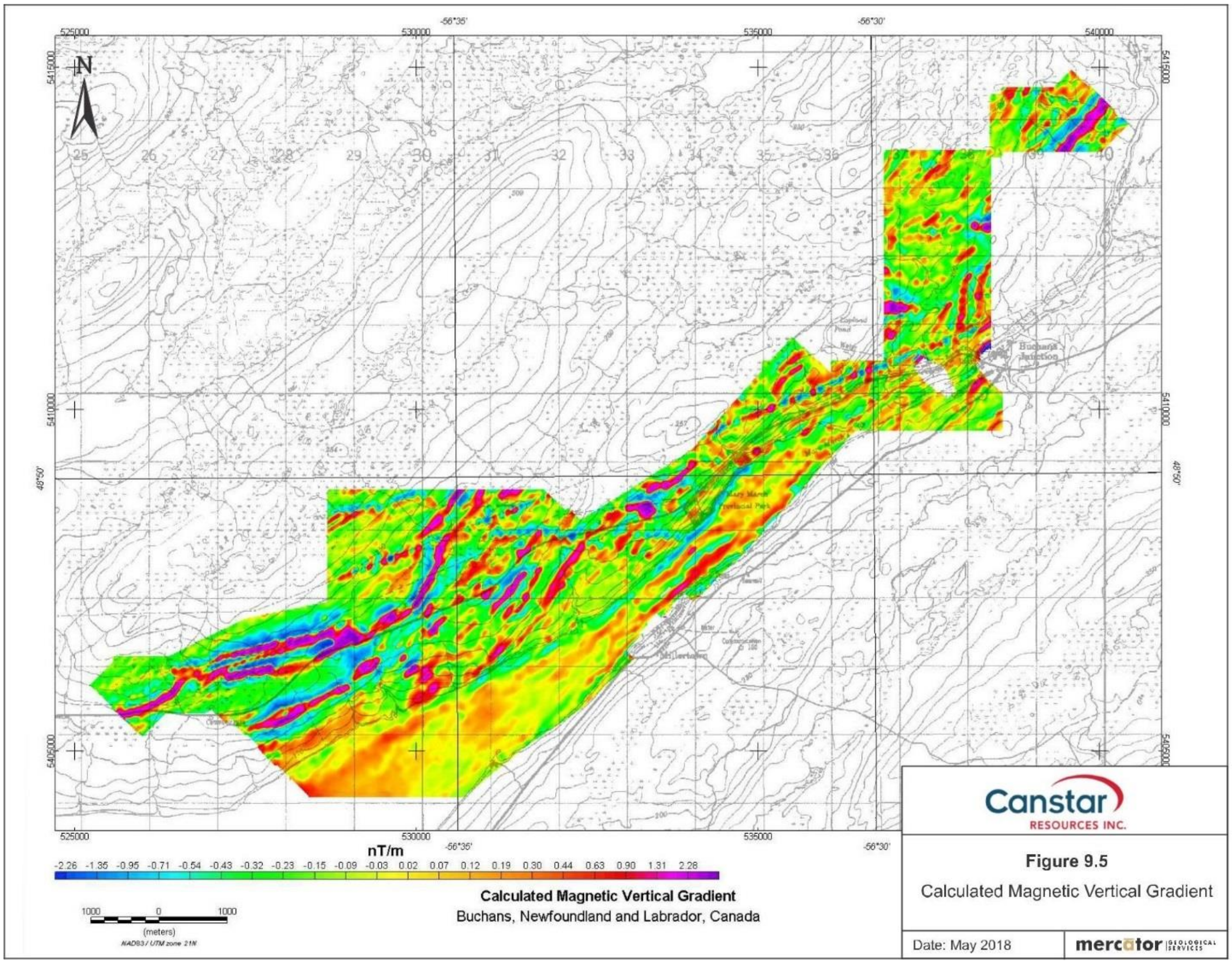


Figure 9.4
Calculated Magnetic Vertical Gradient and Possible Structure Breaks



9.3.2. 2014 Induced Polarization Survey

A Gradient Time Domain Induced Polarization/Resistivity surveys was completed over the Nancy April area in July 2014. Approximately 22 line km of grid was cut which provided a gridded framework over which the IP was completed (Figure 9.6).

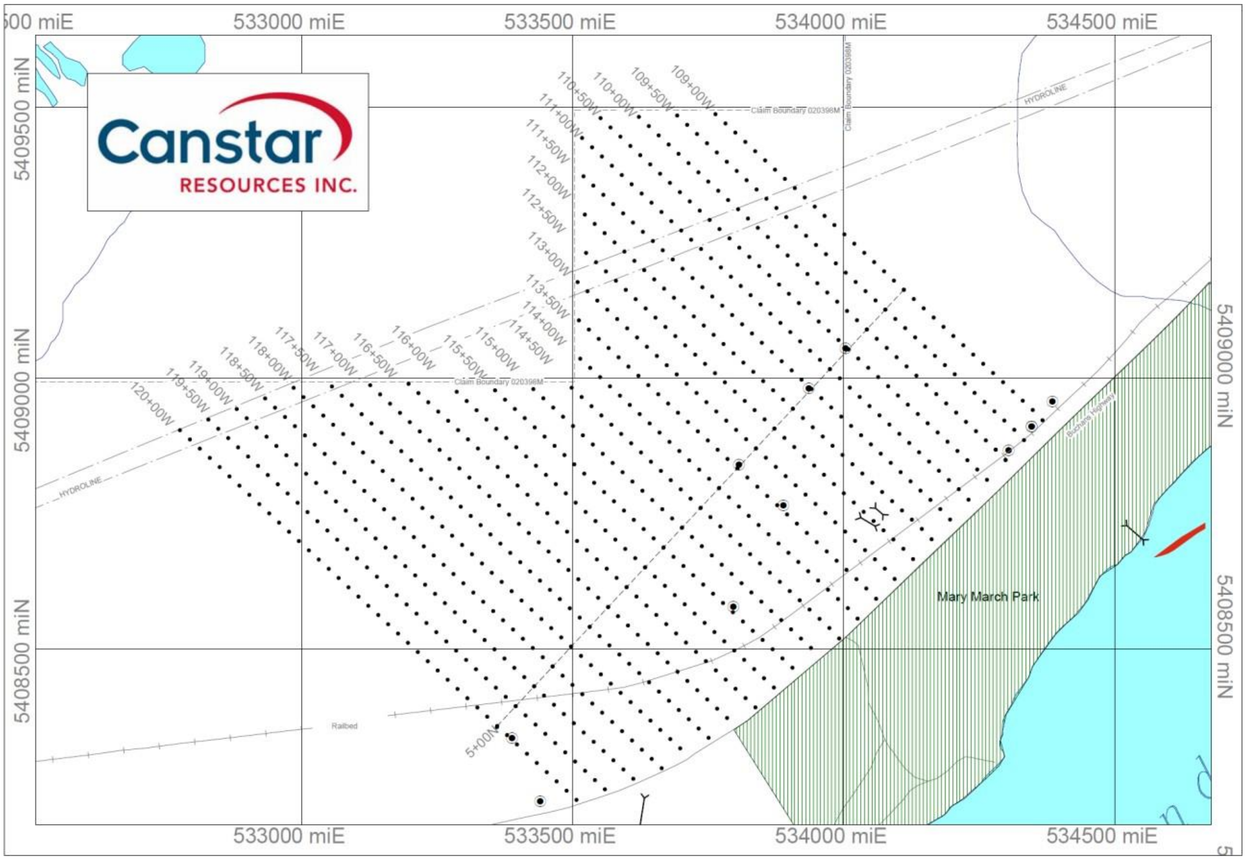


Figure 9.6 Grid Layout for "Nancy April" Grid

Gradient induced polarization and resistivity results over the Nancy April Grid successfully define the geophysical signatures potentially associated to lithological changes, structures, and chemical alteration and, most importantly, chargeability responses related to known and unknown mineralization. The total chargeability and apparent resistivity show that the stratigraphy is generally characterized by the presence of relatively high resistivity and moderate chargeability responses, suggesting predominance of moderately mineralized resistive geologic units, such as volcanic rocks at greater depths.

Resistivity and chargeability responses generally display NE-SW trending lineaments, and are often shifted and displaced, suggesting tectonic activity. The gradient total chargeability responses at Nancy April Grid are characterized by wide range in strength, varying between very weak to very strong but generally falling in the moderate cluster category (avg. 10.5 mV/V). Green (2015)[14] suggests that these responses appear to be consistent with moderate sulphide presence and the highs may correspond to higher mineralization content and\or sulphide content occurrence at depth. Statistical analysis of total chargeability parameter showed that 85% of total chargeability data falls in moderate to very strong cluster, suggesting highly mineralized geological environment at depth.

[14] Green, B 2015: ASSESSMENT Report on 2014 Induced Polarization Survey and Diamond Drilling Program, Mary March Property, Minerla Licence 20398M, p25.

The total chargeability plan map displays a number of polarizable zones, mainly trending NE-SW, generally broken and bent, suggesting possible aggressive post-mineralization faulting activity and complicated geological set (Figure 9.7).. The most prominent chargeability lineaments seem to be characterized by moderate to very strong chargeability signatures and could represent abundant sulphide mineralization or graphite. The gradient plan map shows the presence of three major chargeability zones. The northern mineralized zone is located between grid TL750N and TL1000N; the central mineralized zone, closely parallels TL500N and the southern mineralized zone is located between TL500N and TL.250N (Figure 9.7).

The apparent resistivity plan map shows the presence of low resistivity units to grid south and intercalated series of high / low resistivity zones to the grid north, generally trending NE-SW, likely representing sequence of volcanic (basalts) / altered rock / sediments (lesser compact units). Apparent resistivity plan map shows relatively complicated geology, with several distinct resistivity zones – low resistivity to grid south and much higher resistivity units located to grid north (Figure 9.8). Most of low resistivity zones appear to be relatively thin with elongate trends and show very good line-to-line correlation. Green (2015) suggests that these resistivity responses represent shear zones that might be mineralized when associated with increased chargeability responses. The first derivative of apparent resistivity appears to exhibit the presence of dyke-type resistive signatures that seem to be relatively long trends, likely representing quartz/carbonate alteration.

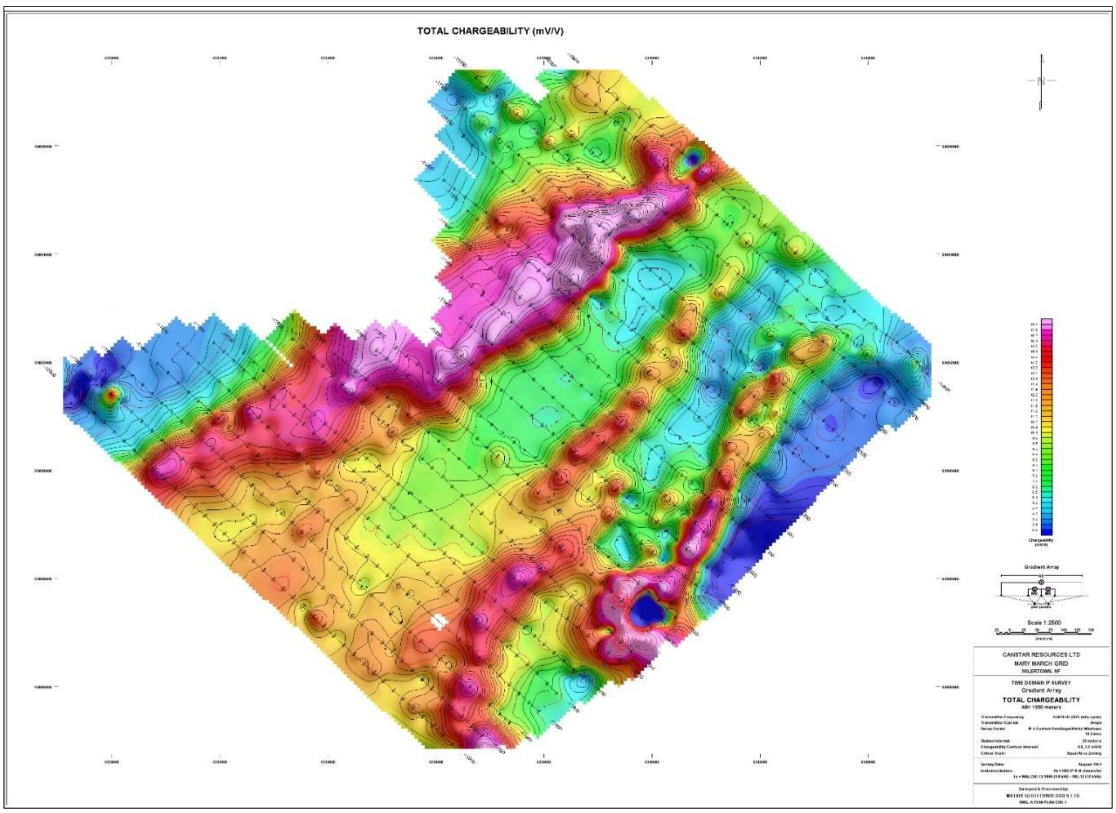


Figure 9.7 Total Chargeability Plan Map over Nancy April Grid

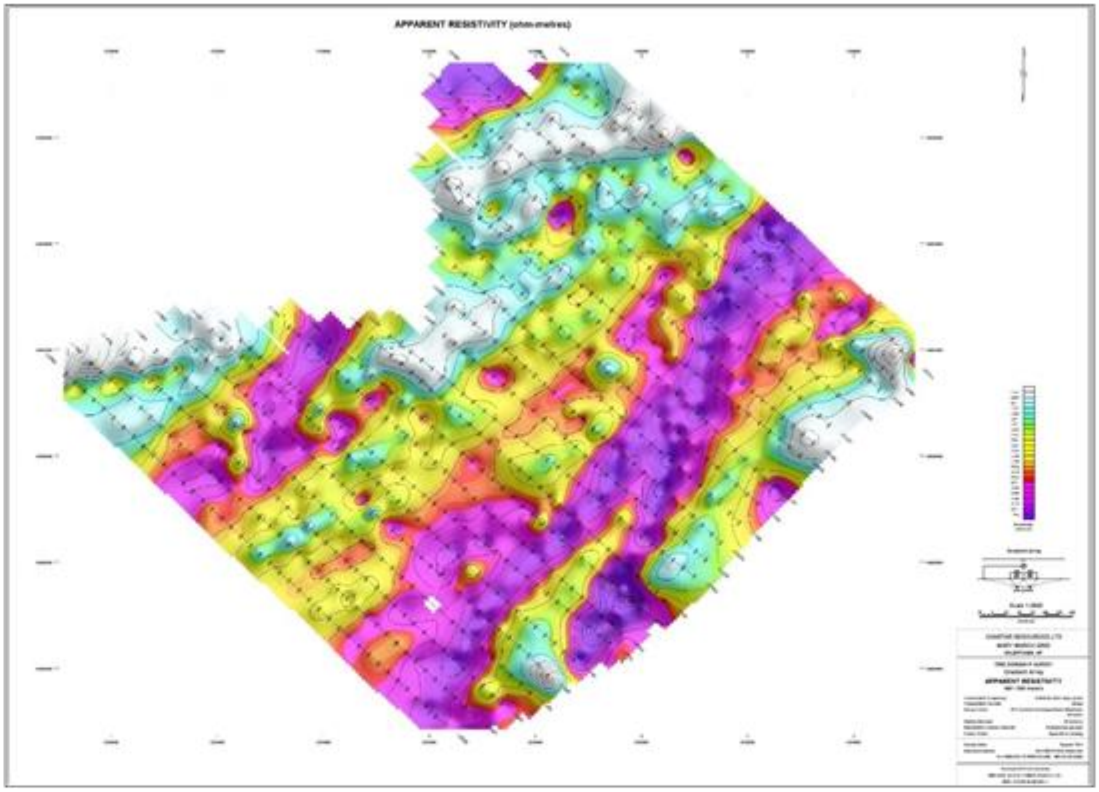


Figure 9.8 Apparent Resistivity Plan Map over Nancy April Grid

10. DRILLING

10.1. Introduction

Canstar completed two drill programs between 2012 and 2014, and the results of this work is reported below. No drilling has been completed by Adventus on their properties. Details of the Canstar drill programs are presented below. Beginning in late 2012 and early 2013 Canstar completed eight NQ diamond drill holes totalling 2,320 m at its Mary March Property. In addition, a borehole EM survey was attempted on two holes but no results were returned. The drill program was designed to test the strike and dip extensions of two known base-metal mineralized horizons (the Mary March and Nancy April) within altered and structurally complex volcanic host rocks. Information for this report that describes the 2012-2014 drill program was largely excerpt from a Canstar assessments reports.

10.1.1. 2012-2014 Diamond Drill Program

In late 2012 and early 2013 Canstar completed eight NQ drill holes for a total meterage 2,320 m at the Mary March Property. Drill intervals and core lengths were estimated to be close to true thickness, however the geology in the Mary March and Nancy April zones is complex and true width may have been difficult to determine. The drill program was designed to test the strike and dip extensions of two known base-metal mineralized horizons at the Mary March and Nancy April mineralized zones, within altered and structurally complex volcanic host rocks. Drilling tested the strike and dip extensions of known mineralization and helped determine the stratigraphy and structural controls along strike of this complexly faulted area. Drill hole numbering continued from those initiated by Phelps Dodge in 1999. Table 10.1 lists the drill holes, collar information and target. Figure 10.1 shows the location of the drill holes and historical drill hole collars. The following drill hole summary is excerpted from Green and Wolfson (2013)[15].

[15] Greene, B and Wolfson, I 2013: Report on Diamond Drilling Mary March Property 20398M, p116.

Table 10.1 2012-2014 Drillhole Listing

HOLE-ID	Easting	Northing	Elevation	Azimuth	Dip	Length (m)
MM-12-21	533,592	5,408,481	210	132.6	-46.3	301
MM-12-22	533,659	5,408,585	213	123.3	-49.1	376
MM-12-23	534,357	5,408,931	203	126.6	-45	400
MM-12-24	534,542	5,408,838	169	123.1	-53.6	211
MM-12-25	534,204	5,408,446	176	120.1	-65	352
MM-13-26	534,328	5,408,602	173	130.0	-70.6	187
MM-13-27	534,448	5,408,733	172	130.6	-43.5	265
MM-13-28	534,493	5,408,782	168	130.0	-60	226
MM-13-28	534,493	5,408,782	168	130.0	-60	226
MM-13-29/30	534,370	5,408,938	203	133.5	-50	587
MM-13-31	n/a	n/a				
MM-14-32	534,409	5,408,978	214	138.45	-49	478
MM-14-33	533,894	5,408,724	225	131.5	-49	328
MM-14-34	533,635	5,408,747	215	129	-47	425
MM-14-35	533,852	5,408,560	218	133	-61	348

Note: UTM Coordinates use Projection NAD 27, Zone 21

10.2. Drill Hole Descriptions

Below is a brief description of each of the 13 NQ drill holes completed by Canstar in the Mary March and Nancy April properties. Drill intervals and core length were estimated to be close to true thickness, however the geology in the Mary March and Nancy April zones is complex and true width may have been difficult to determine. These descriptions have been excerpted from Wolfson (2012) and Green (2015). A drill plan map is presented in Figure 10.1.

MM-12-21

This drill hole tested the southwestern extension of the Nancy April mineralized horizon, about 220 metres from hole MM-294-16. It collared in unaltered basaltic volcanics before entering relatively unaltered dacitic volcanics (Figure 5 shows the drill hole cross section). The dacitic flows are hyaloclastically brecciated in part and contain a fairly common fine dusting of leucoxene. It intersected the Nancy April massive sulphide zone over a core length of 1.6 m from 189.3-190.9 m within an envelope of strongly sericitized felsic host rocks. This is different from the discovery hole MM-294-6 in which the alteration was more siliceous and less sericitic in proximity to the massive sulphides. Again from 218-219 m and 237.7-242.7 m there are heavy pyrite concentrations and pyrite-chlorite stringers. The massive sulphides are enveloped in the Nancy April fault, with gouge developed above and below the sulphides. The hole entered an altered and mineralized mafic volcanic panel at 265.1 m. The mafic rocks are sericite/chlorite altered and contain several sections with heavily disseminated pyrite and minor sphalerite- galena. Amygdules in the rocks are frequently filled with silica-pyrite and locally with pyrite-chalcopyrite- sphalerite. A 20 cm chalcopyrite rich section from 267.8-268 m assayed 2.51% Cu and 7.39 g/t Ag. This hole appeared to be better mineralized and had better alteration than hole MM-12-22, which was drilled about 120 m along strike. The hole was also getting a little more mineralized towards the bottom.

MM-12-22

This drill hole tested the ground between MM-294-16 and MM-294-21. It again collared in the unaltered basaltic volcanics and passed through a similar sequence of lithologies as MM-12-21. It entered the Nancy April Panel at 239.4 m but no massive sulphide was present. The strongly altered felsic volcanic Nancy April panel is injected with voluminous, distinctive, hard, moderately silica- epidote altered, yellowish green altered dykes. The dykes appear to be late (post VMS alteration) bleached diabase but the protolith is uncertain. Screens of the sericitic/pyritized altered host can be seen preserved in areas which have not been intruded (between the dykes). Again, as with hole MM-12-21, all non-intrusive contacts are sheared.

MM-12-23

This drill hole was designed to be a twin of hole MM-294-7 which had intersected high grade massive sulphides over 9.63 m with an average grade of 10.1% Zn, 1.68% Pb, 0.64% Cu,

122.1 g/t Ag and 4.2 g/t Au. The hole was collared about one metre from the drill casing of MM- 294-7 and was drilled at the same azimuth and inclination as hole MM-294-7. Downhole reflex surveys were carefully taken approximately every 50 m. By the time the Mary March horizon was encountered, the hole had wandered more than expected and was about 40 m northeast of the high grade intersection of hole MM-294-7. The geology of MM-12-23 was similar to MM-294-7 above the massive sulphides but instead of duplicating the results, MM-12-23 intersected a lower grade interval of pyritic massive sulphides over 3.15 m from 314.70- 317.85 m averaging 2.24% Zn, 0.48% Pb, 0.04% Cu, 21.02 g/t Ag, 0.80 g/t Au. Below the massive Mary March Property sulphides, from 317.85-341.16 m, the Mary March Panel is intruded by numerous late dykes that separate several additional “screens” of strongly sericitic felsic volcanic containing low grade semi-massive pyrite. In every case, the “screens” of semi-massive sulphide are bounded at the upper and basal contacts by faults. Altered felsics with semi-massive sulphide zones occur at: a) 318.18-318.53 m; b) 320.66-321.10 m; c) 324.42- 327.09 m; d) 331.8-341.16 m.

MM-12-24

This drill hole tested the Mary March horizon between MM-294-9 and MM-294-11, on the same section. The hole collared in the hangingwall mafic volcaniclastics and remained in the volcaniclastics until 130.1 m. A 29.1 m zone of mixed felsic to intermediate and diabasic intrusives appear to be occupying the expected location of the Mary March massive sulphides. The hole passed into weakly altered felsic volcanic footwall lithologies without intersecting the sulphide zone. The possibility of any massive sulphide has been occluded by the intrusives.

MM-12-25

Hole MM-12-25 was collared along the southwestern extension of the Mary March horizon, about 520 metres from MM-12-24. The hole was testing a weak EM anomaly identified on Canstar's spring 2012 airborne geophysical survey. In hindsight, the hole collared in altered and pyritized footwall felsic volcanics and did not test the top of the Mary March panel where massive sulphide would be expected to occur. Nonetheless, the hole was stratigraphically valuable being the deepest structural test to date on the footwall rocks below the Mary March horizon. It encountered significant thicknesses of altered felsic volcanics from collar to the bottom of the hole and some unusual textures. From 118.8-128.3 m the hole cored a siliceous breccia with rotated, flow banded, dacite breccia fragments having an almost fibrous appearance and 1-2% very fine disseminated pyrite. Although unusual looking, similar rocks were also encountered in the footwall of MM- 294-11 between 118.9-128.8 m. Deeper in the hole, an interval of very strong sericitic alteration with 2-3% disseminated pyrite and minor sphalerite-galena from 265.5-297.2 m is abruptly truncated at a significant fault zone. Within this interval, a 3-4 cm wide high-grade base metal stringer/band, intersected at a low core angle from 265.62-265.78 m, assayed 7.00% Zn, 3.90% PB, 0.50% Cu 0.20 g/t Au and 90.5 g/t Ag. After the fault, alteration is noticeably weaker but is increasing in strength toward the bottom of the hole with localized millimeter to 1 cm Pb-Zn stringers.

MM-13-26

Hole MM-13-26 was collared along the southwestern extension of the Mary March horizon, about 320 m from MM-12-24. The hole was initially designed to test a weak EM anomaly 200 m along strike from the EM anomaly targeted in MM-12-25. After MM-12-25 had collared in footwall rocks below the Mary March horizon, the position of the collar was moved about 15 m further north than originally planned to ensure the hole would be collared in the hangingwall. The hole cut the hangingwall mafic volcaniclastic package down to 68.4 before abruptly passing through a relatively thin section of the panel which was expected to contain the Mary March mineralization. The hole ended in altered footwall felsic volcanics. It appears the hole did not adequately test the favourable panel in this area. A deeper test of the horizon on this section is warranted.

MM-13-27

Hole MM-13-27 was drilled to test the Mary March Panel up-dip from hole MM-294-10. The hole encountered similar lithologies to hole MM-294-10. The hangingwall mafic volcaniclastics are fairly typical down to 91.8 m. From 91.8-118.8 m the mafic volcaniclastics are noticeably altered and have local pyrite stringers. Within this interval, there is an increasing frequency of mafic sills/dykes approaching the Mary March structure as well as a foliation development and tectonic banding. From 118.8-166.9 m the Mary March structure is flooded with diabase dykes/sills while there are several base metal stringers. From 140-160 m the stringers are mainly pyrite but from 160-166.9 m the stringers are more base metal rich. From 166.9-176.5 m there is a mixed zone of altered dacite breccia and diabase with fairly common pyrite and sphalerite-galena stringers and possibly some infill/replacement sulphides (i.e. 176.5 m). From 170.2- 179.17 m- a composite 8.97 m interval averaged 0.32% Zn, 0.15% Pb, 0.11% Cu and 4.4 g/t Ag. From 176.5-231.9 m strongly sericite-silica altered, hyaloclastically brecciated dacite is host to common sphalerite-galena specks and local pyrite plus sphalerite-galena stringers. The best mineralized interval from 207.67-227.07 m (19.40 m) averaged 0.82% Zn, 0.12% Pb, 0.08% Cu. Like hole MM-294-10 and MM- 12-24, the mafic intrusives are effectively occluding the presence of massive sulphide at the structural top of the Mary March Panel.

MM-13-28

Hole MM-13-28 was drilled directly up-dip from discovery hole MM-294-7 and after cutting the hangingwall mafic volcaniclastics, intersected the diabase dyke/sill that again appears to partially occlude the high grade massive sulphide seen in hole MM-294-7. The diabase is itself infilling the major fault and there are some localized Zn-Pb stringers and remobilized Zn-Pb in the diabase. Immediately below the diabase is a sheared contact followed by a massive pyrite horizon over 6.06 m, from 147.02-153.08 m. The massive sulphide is composed of fine to medium grained massive pyrite with almost 100% sulphide grading into a semi-massive zone with 40-50% pyrite in a black chloritic matrix. Indeed, the sulphide is itself a part of the major fault with fault gouge and slips enveloping the sulphide.

MM-13-30 (Extension)

This hole represented an extension of a hole drilled in 2013. A borehole EM (BHEM) survey conducted in February of 2014 indicated a buildup in electromagnetic response at the previous end-of-hole depth at 442 m. It was recommended that this hole be extended for 100 m to ascertain the nature of this response. The hole encountered pyritized felsic volcanics at approximately 474 m which continued with minor interruption until 572 m depth.

MM-14-32

This drill hole was designed as a step out hole to MM-13-30. Target rationale was based on an off- hole response from a February 2014 BHEM survey. This response was modeled as being located approximately 50-75 m northeast of MM-13-30. The holed collared in dacitic volcanics before transitioning into a wide swath of mafic volcanic rocks, preceded by intercalations of polymictic sedimentary breccias. Felsic volcanics (rhyolites) were intercepted at 372 m exhibiting varying degrees of pyritization. This felsic unit exhibits a strong cherty appearance indicating silicification with the onset of sericite alteration. The pyritization decreases downhole. It is interpreted as being responsible for the BHEM response. Encountered mineralization indicates modest widths and grades over several intervals summarized in Table 10.2 below:

Table 10.2 Notable Assay Results for MM-14-32

Hole	From	To	Length	Zn %	Pb%	Cu%	Ag g/t	Au g/t
MM-14-32	431.5	443	11.5	1.18	0.16	0.04	1.77	0.12
including…	434.5	441.1	6.6	1.84	0.13	0.06	1.88	0.09
including…	435.9	439.47	3.57	2.73	0.03	0.1	2.39	0.11

MM-14-33

MM-14-33 was designed to test an IP anomaly indicated a zone of high chargeability on L113-50. A zone of variably sheared volcanics from 67 m to 127 m appears to coincide with the upper panel of the Nancy April horizon. A thin zone of chalcopyrite bearing sulphides were observed associated with a sheared contact between felsic and mafic volcanic assemblages. Assays yielded values of 1.8% Cu, 2.1% Pb, 20 gt Ag, and 0.5 g/t Au from 128.7 m to 129.6 m. No appreciable zinc values were assayed. A second zone was encountered within a lower mafic assemblage. This zone contained continuous stockwork mineralization comprised predominantly of pyrite, however, assays indicate the presence of zinc-bearing assemblages. An intersection of 93.7 m containing 1.0% Zn, 0.2% Pb, and 2.9 g/t Ag was intercepted from 200.9 m to 294.6 m. Significant assays for MM-14-33 are tabulated below:

Table 10.3 Notable Assay Results from MM-14-33

Hole	From	To	Length	Cu%	Pb%	Zn %	Ag g/t	Au g/t
MM-14-33	66.46	71.79	5.33	1.21	0.03	0.15	4.85	0.35
including…	69.54	71.79	2.25	2.49	0.03	0.1	8.64	0.72
MM-14-33	128.66	129.58	0.92	0.03	2.09	1.8	19.96	0.46

MM-14-33	200.88	294.55	93.67	0.05	0.15	1	2.92	0.03
including…	237	247.17	10.17	0.12	0.01	3.36	7.13	0.03

MM-14-34

This drill hole tested a deep chargeable anomaly on L160+00E. The hole collared in mafic volcanics and continued with minor intervening dikes to approximately 371 meters, where it entered predominantly massive to autobrecciated felsic volcanics with occasional felsic volcanoclastics. Much of the felsic unit exhibits strong grey sericite alteration with concomitant pyritization. Despite zones of strong sulphide content no significant assays were found. The pyritization occurs beyond the chargeable zone suggesting possible distortion with modeling at depth.

MM-14-35

Hole MM-14-35 was collared along the southwestern extension of the Nancy April horizon. The hole was testing a strong near-surface IP anomaly. It is believed that this anomaly represents a shallow expression of the Nancy April sulphide occurrence.

The hole commences through a zone of polymictic sedimentary breccia before entering massive dacite flows. At approximately 60 m the hole transitions to strongly altered mineralized felsic volcanics exhibiting stockwork-like wisps of pyritic sulphide and disseminated sulphide. Alteration is comprised of silicification overprinted by sericite imparting a grey coloration. From approximately 62 m to 69 m the hole enters what is likely the Nancy April occurrence, comprised of massive sulphides. Unfortunately, assays of this zone indicate it is barren in this location. No significant assays were returned.

10.3. Interpretation of Drilling Results

10.3.1. Mary March Zone Results

The Mary March zone was tested by extending the 2013 drill hole MM-13-30 and through the step-off hole of MM-14-32. Both targets were based on BHEM responses, which indicated a possible continuous zone stratigraphically below the known intercept of the Mary March zone, which was discovered by Phelps Dodge in 2000. A wide zone of pyritized volcanic rocks intercepted in both holes represents the most likely explanation for the EM response that was observed.

Based historic drilling and results from drilling in both 2012 and 2014, it appears that the Mary March zone represents a disjointed sliver of high grade polymetallic sulphide material. The Buchans Mine located along the same lithological trend of the Robert's Arm belt and located only 23 kilometers from the project, likely provides the best analogue for such a phenomenon. It is known that ore clasts of sulphide material were encountered during exploration. If so, the potential at Mary March is still significant given that a source of such a clast is presumed to be proximal. However, the Mary March occurrence itself no longer a high priority target.

10.3.2. Nancy April Zone Results

The Nancy April zone was explored via two stages. The first stage was an IP geophysical survey. The second stage was a drilling program designed to test these results. Holes MM-14-33, MM- 14-34, and MM-14-35 all encountered some style of mineralization. Therefore, it can be concluded that deep IP systems are a valuable exploration tool for the Mary March property.

Geologically, the 2014 drilling encountered a widening of an observed footwall zone, with increasing grade to the southwest. This may suggest a vector in this direction, however, the structural complexities on the property make this difficult to ascertain for certain. It was also noted that a thickening in polymictic sedimentary breccia above the Nancy

April occurrence was encountered, which may indicate a move toward basinal or graben-like conditions. Therefore, the southwest portion of the Nancy April grid appears to be of greatest exploration potential.

11. SAMPLE PREPARATION, ANALYSES AND SECURITY

11.1. Introduction

A review of Canstar's drilling procedure shows that they implemented an industry standard QAQC program for their drill core. Drill intervals and core length was estimated to be close to true thickness, however the geology in the Mary March and Nancy April zones is complex and true width may have been difficult to determine. Canstar utilized Eastern Analytical for the 2012 drill and AGAT Laboratories in 2014 and both labs are ISO/IEC 17025 accredited laboratory and maintains ISO 9001 standards, policies and procedures and are independent of the issuer. Canstar reports that they utilized a sampling protocol that includes a certified standard and a blank sample is inserted into the sample stream every 20th sample.

11.2. Sample Preparation and Security Program

Canstar maintains its own office and core logging facility in Millertown, Newfoundland, which is located within 20 km of the Mary March and Nancy April site. Core was delivered from the drill to the core logging facility and stored in core racks until it was logged. The author visited the core logging facility and noted that it was locked and secure and appears to be clean and well organized. The core was logged on benches and each sample was marked for cutting by the logging geologist. Core samples were cut using a diamond saw blade. Geologist collected half core samples in heavy ploy plastic bags and each sample had a numeric sample tag inserted into the sample bag and a tag was stapled to the inside of the core box. Sample bags were also mark on the outside with the sample number and each bag was security with a plastic strap. In 2013, samples were delivered by Canstar staff to Eastern Analytical in Springdale, NL. The 2014 samples were shipping the AGAT Laboratories in Mississauga, ON.

11.3. Laboratory Sample Preparation and Analysis

As mentioned, Canstar utilized two different laboratories for the 2012 and 2014 drilling programs. Eastern analytical in Springdale, NF was responsible for preparation and analysis of all 2012 drill core. Samples were crush up to 3 Kg to 80% -10 mesh and split into a 250 g sample, which was pulverize to 95% 150 mesh. Initially samples were assayed Fire Assay AA procedures. Fire assay is a lead-collection / fusion, for refinement of total sub-sample into a silver dore bead. The silver bead is dissolved in an aqua-regia digestion and analysis by atomic absorption (AA). Additionally, samples were then assayed by AR-ICP-30 Procedure where a 0.50 gram sample was digested with 2 ml HN03 in a 95C water bath for ½ hour, after which 1 ml HCL is added and the samples is returned to the water bath for an additional ½ hour. After cooling, samples are diluted to 10 ml with deionized water, stirred and let stand for 1 hour to allow precipitate to settle. The sample were then analyzed by inductively coupled plasma-atomic emission spectrometry. AGAT Laboratories utilized a similar assay procedure for the drill core in 2014, which included Aqua Regia Digest and the Metal Package ICP-OES finish.

11.4. Quality Assurance and Quality Control Programs

Canstar has established clear protocols pertaining to sample collection, sample preparation and sample security. In addition, the company has instituted a Quality Assurance and Quality Control (QAQC) program designed to cost-effectively address the requirements of different sampling programs and media. The approach used by the company incorporates different components according to the type of sampling being considered.

The Quality Control protocol utilized for the two drilling programs included systematic incorporation of duplicate pulp splits and insertion of blind certified reference materials, and blank sample materials in addition to monitoring of laboratory QAQC reporting. Canstar has reported that standards were inserted at an interval of one standard in every 20 samples. The author has reviewed assay certificates for the two drill programs and noted that duplicate samples, certified standards and blanks were inserted at regular intervals as outlined by the company.

11.5. Mercator Comment on Sample Preparation, Analyses, Security Programs and QAQC

The author believes that the Canstar sample preparation, analysis, security protocols and QAQC programs specified for the drilling program samples meets current industry standards and are more than adequate for the current exploration and drilling programs.

12. DATA VERIFICATION

12.1. Introduction

Data verification procedures carried out by the author for the Buchans Project consisted of drill project review and drill core sampling. The author reviewed public records and internally source company documents, including key geological interpretations, previously geophysical anomalies or survey interpretations and drill core that support the base metal VMS potential on the Buchans Project holdings. The author also completed a site visit to the Buchans Project area during which select drill core was reviewed and four check samples were collected from identified mineralized intercepts from historical drill holes.

12.2. Review of Supporting Documents and Reports

Canstar provided the author with copies of all Canstar assessment work reporting prepared by the company since acquisition of the Buchans project holdings in 2011, with the primary reference for this information being Wolfson (2012) and Green (2013). Additional internal documents such as technical presentations summarizing exploration program results were also made available. Details of the Adventus exploration programs were referenced from Seymour (2015) and (2016) and these were followed up through online searching of historic assessment reporting through the NLDNR system. In particular, assessment reporting by the Asarco-Abitibi Price joint venture, Billiton Exploration Ltd., Noranda, Buchans Minerals, Buchans River Ltd. and Vinland was accessed. In addition, NI 43-101 reporting by Buchans Minerals was also reviewed, since Adventus holdings adjoin that firm’s core holdings in the Buchans camp. Buchans Minerals holds all of the main past producing deposits of the camp as well as some of the well-known undeveloped deposits such as Clementine, West Clementine and Lundberg.

Results of the reference documentation checking program showed that in all instances digital and written records presented by Canstar accurately reflect content of referenced source documents. Interpretations of results by other companies differ in many cases and this is not surprising, since re-interpretation of stratigraphic and structural histories for the district since the early 1980’s have resulted in changes in stratigraphic assignments for some rock packages. This has also resulted in changes in perception of associated exploration potential.

12.3. Mercator Site Visit

12.3.1. Introduction

A site visit to the Buchans Project property area was carried out by the author on March 26-28th 2018. The purpose of the visit was to support the authors review of the technical aspects of exploration rationale for the Buchans Project. Lloyd King with Adventus, coordinated logistical and technical aspects of the visit. During the site visit, informal discussions with Adventus staff focused on various topics related to Buchans Project exploration, particularly with respect to current field programs completed by Adventus. The focus of the site visit was to examine drill core from the Mary March and Nancy April mineralized zones. This included drill core from the historic Phelps Dodge discovery drill hole from the Mary March zone. While the author was able to see the area of the claim holdings discussed in the report, the snow cover prevented field visits to known outcrops.

12.3.2. Drill Core Inspection

Selected drill core archived at the Canstar core logging facility in Millertown, was reviewed during the site visit. This included a number of drill holes from the early 1990's when Phelps Dodges drill high grade base metal mineralization at Mary March. In addition, select drill holes from the 2014 drilling program by Canstar were also reviewed and sampled. All Canstar holes reviewed had been logged by Canstar during the 2013-2014 period and the original logs from these holes were compared with mineralized intercepts during core inspection. The authors primary interest in viewing core and sampling intercepts was to confirm historic and recent logging, and sampling information against lithologies present in the drill core. The author also assessed the general core condition and recoveries, examined the structural fabric elements against log descriptions, and alteration or base metal mineralization assemblages reported by Canstar and Phelps Dodge. Table 12.1 below lists the four drill holes reviewed during the visit. The author noted that in all holes, good correlation existed between logged core intervals and corresponding lithology codes and sample records from both historic and Canstar logs.

Table 12.1: Drill Cores Reviewed During Mercator Site Visit

Hole Number	Year	Area	Drilled By	Depth (m)	Azimuth (Degrees)	Inclination (Degrees)
MM-294-7	1999	Mary March	Phelps Dodge	482	180	-45
MM-294-14	2000	Mary March	Phelps Dodge	193	133	-87
MM-14-33	2014	Nancy April	Canstar	328	131.5	-49

Four quarter-core check samples were collected during the site visit. The purpose of this sampling was to confirm base and precious metal levels in the sampled intervals, since these are important contributing factors to the Canstar exploration rationale for the Buchans Project. Table 12.2 presents compiled details of site visit check sampling. Sample preparation and analysis details pertaining to the Mercator check samples are presented in Table 12.3.

Table 12.3 below presents comparison of the Mercator independent samples and historic drill core assays for the same interval. While there is some variation in comparison of assay results of historic and current samples, good correlation exists between the data sets. The author believes the check sample results, although not exact, provide adequate confirmation of the anomalous metal components from historic Phelps Dodge and Canstar drilling.

Table 12.2: Mercator Site Visit Check Samples

Mercator Sample Number	Area or Drill Hole	Type	Length (m)	From (m)	To (m)
10160	MM-294-7	¼ core	0.36	337.14	337.5
10161	MM-294-7	¼ core	0.76	342.74	343.50
10162	MM-294-14	¼ core	1.70	187.00	188.70
10163	MM-14-33	¼ core	0.81	211.64	212.45

Table 12.3: Comparative Assay Results Mercator Check Samples

Company	Hole Number	Sample Number	Cu%	Pb%	Zn%	Ag g/t	Au g/t
Phelps Dodge	MM-294-7	194103	0.27	6.09	46.40	140.00	15.50
Mercator	MM-294-7	10160	0.12	5.03	22.10	96.50	10.10
Phelps Dodge	MM-294-7	194110	3.32	0.02	0.23	272.00	1.82
Mercator	MM-294-7	10161	3.16	0.13	0.22	305.00	2.13

Phelps Dodge	MM-294-14	294120	0.22	0.98	1.71	6.90	0.05
Mercator	MM-294-14	10162	0.24	1.00	1.52	6.90	0.15
Canstar	MM-14-33	E5162181	0.22	1.04	2.82	5.80	0.04
Mercator	MM-14-33	10163	0.08	0.81	2.28	5.80	0.03

The author of the Technical Report utilized Activation Laboratories (Actlabs) for sample preparation and assay. The independent samples were collected by the author and remained in his possession until being courier to the Actlab preparation site in Fredericton, NB. Samples were crush (< 7 kg) up to 80% passing 2 mm, riffle split (250 g) and pulverize (mild steel) to 95% passing 105 µm. the samples were assayed by 4-Acid "Near Total" Digestion + Total Determinations of Resistive Elements by INAA. Any samples with results over detection limits will be assayed by 8-Peroxide ICP and Ag and Au by Fire Assay and Gravimetric finish.

12.4. Mercator Comment on Data Validation Programs

The author believes results of the various data validation program components discussed above indicate that industry standard levels of technical documentation and detail are evident in records of the exploration programs carried out by Canstar to date on the Buchans Project. More specifically, site visit observations show that lithologic attributes noted within the core are being accurately recorded by Canstar staff. Review of archived drill core for the Mary March and Nancy April mineralized zones showed that logs are accurate with respect to observed core lithologies and fabric attributes. Canstar core sampling records checked for the re-logging program were also accurate with respect to the holes reviewed. Results of core check sampling by the author confirm the general character of anomalies reported by Canstar for corresponding sample interval results. The qualified person believes the data validation program is more than adequate for the purposes of this technical report.

13. MINERAL PROCESSING AND METALLURGICAL TESTING

No mineral processing or metallurgical testing studies have been completed to date by Canstar with respect to the Buchans Project.

14. MINERAL RESOURCE ESTIMATES

No mineral resource or mineral reserve estimates prepared in accordance with NI 43-101 and the CIM Standards have been completed by Canstar for mineralization occurring within the Buchans Project area.

23. ADJACENT PROPERTIES[16]

The qualified person has been unable to verify all the information stated and referenced in this technical report and the information and results of work on adjacent properties are not necessarily indicative of the mineralization on the property that is the subject of the technical report.

The Buchans Project mineral exploration holdings cover a large portion of the historic Buchans mining camp and in many areas are contiguous with holdings of other exploration interests (Figure 4.1). Most prominent among these is Buchans Minerals (Minco PLC) that holds land positions that covers all of the past producing mines of the camp, as well as some of the main undeveloped deposits with either historic mineral resource estimates or current estimates prepared in accordance with NI 43-101.

[16] The numbering of the sections mimics those of the Technical Report

Table 23.1 below presents summarized tonnage and grade information for several of the well know sulphide deposits of the Buchans district and is provided to characterize the nature of the district's exploration potential. While none of the historic deposits occurs on the Adventus or Canstar Buchans Project holdings, key indications of mineralization and alteration associated with such deposits have been identified on the holdings and these have been described in various sections of this report. Mercator cautions that being located adjacent to historic deposits on adjoining exploration lands held by others is not necessarily indicative of similar mineralization being present on the Adventus holding.

Table 23.1: Historic and current tonnage and grade estimates for Buchans camp deposits

Deposit(s)	Tonnage and Grade Estimates	Deposit Type	Source Reference
Buchans Main Deposits (11 deposits mined)	16.2 Mt @ 14.51% Zn, 7.56% Pb, 1.33% Cu, 126 g/t Ag, 1.37 g/t Au	Insitu and transported	Thurlow and Swanson (1981) – Historic Non NI43-101
Clementine Prospect	363,000 tonnes grading 4.9% Zn, 2.6% Pb, 0.3% Cu and 10.3 g/t Ag	Transported	Swanson (1976) -Historic Non-NI 43-101
Lundberg Zone	Indicated* - 23.4 Mt @ 1.41% Zn, 0.60% Pb, 0.35% Cu, 5.3 g/t Ag and 0.07 g/t Au Inferred* - 4.31 Mt @ 1.29% Zn, 0.54% Pb, 0.27% Cu, 4.47 g/t Ag and 0.08 g/t Au	Predominantly stockwork; minor insitu	Cullen and Hilchey (2013) - Current NI 43-101

Some of these Historic estimates pre-date NI 43-101 and therefore were not prepared in accordance with that instrument. A qualified person has not re-classified these as current estimates and Canstar has not determined the work necessary to make them current. Canstar is not considering these as current estimates and is not relying upon them as such.

Adventus holdings include strike extensions of the Lake 12, Lake 7 and Lake 3 alteration zone target areas, as well as other potential Buchans River Formation stratigraphic intervals interpreted by Adventus, may extend laterally onto lands currently held by Buchans Minerals. This does not necessarily indicate that mineralization of similar style and dimension to that found to date on the Buchans Minerals property also occurs on the adjacent Adventus property. Holdings of Messina Minerals Inc., a wholly owned subsidiary of Canadian Zinc Corporation, adjoin those of Adventus near the latter's southwest property limit, near Red Indian Lake. The Messina property covers the historic Skidder VMS copper-zinc deposit (Figure 7.1). The Skidder Dacite Target area and the associated Skidder Alteration Zone that occur on adjoining Adventus holdings referenced in this report may be related to a similar style of mineralizing system. However, as noted above, this property proximity does not necessarily indicate that mineralization of similar style and dimension to that found to date on the Messina property also occurs on the Adventus property.

East of the main Buchans camp, Adventus holdings are adjoined to the southeast for about 15 km along strike by those of Canstar that cover the base metal potential exemplified by the Mary March and Nancy April occurrences, which are hosted by Buchans Group stratigraphy. These occurrences substantiate exploration potential in their host sequences adjacent to Adventus holdings but do not necessarily indicate that mineralization of similar style and dimension occurs on the Adventus property.

24. OTHER RELEVANT DATA AND INFORMATION

Mercator is not aware of any other relevant data or information that is necessary to support the technical information and project discussions presented in this report.

25. INTERPRETATION AND CONCLUSIONS

25.1. Exploration Rationale

Field work and drilling completed to date by Canstar and others on Mary March and Nancy April mineralized zones demonstrated that Buchans style VMS base metal and precious metal mineralization exists at these targets. A recent aeromagnetic survey shows that elongate north-east trending magnetic anomalies exist in the project area and additional drilling is required to test these anomalies. However, land access in the Mary March area has prevented the company from retesting mineralization discovered by Phelps Dodge in 1999.

The large claim position held by Adventus in the Buchans district is considered to have good potential to host base metal sulphide deposits of the Buchans style within Buchans River Formation stratigraphy that has not been thoroughly explored in the past due to depth, or to earlier interpretation as belonging to less prospective stratigraphy. Additionally, the company holds areas that are currently interpreted as belonging to other formations of the Buchans Group that have historically been perceived as being less prospective than the Buchans River Formation. Drilling and mapping defined alteration and anomalous mineralization trends combined with a revised structural interpretation for the camp have been used by Adventus and Canstar to define new exploration opportunities in blind and under explored Buchans River Formation intervals as well as in volcanic stratigraphy currently mapped as either undifferentiated Buchans Group or as less attractive Buchans Group formations. The company's exploration strategy has been to systematically refine structural, stratigraphic and metallogenic sequencing models for the Buchans camp to guide evaluation of all types of currently recognized potential noted above. The high unit value of VMS deposits such as those mined historically in the Buchans area provides the base economic rationale for the company's efforts in this camp.

25.2. Exploration Approach Canstar

Canstar has with their most recent drilling program in 2012 and 2014 tested areas of known mineralization or stepped out from these areas to test mineralized trends at the Mary March zone. Mary March was tested by extending the 2013 drill hole MM-13-30 and through the step-off hole of MM-14-32. Both targets were based on geophysical responses which indicated a possible continuous zone stratigraphically below the known intercept of the Mary March occurrence. A wide zone of pyritized volcanic rocks was intercepted in both holes.

Based on these and results from drilling by Canstar in both 2012 and 2013, it appears that the Mary March zone may represent a sliver of high grade polymetallic sulphide material. The Buchans Mine transported type may be the best analogue for Mary March zone. Several rich ore clasts have been discovered in the area and may in part provide the exploration model that drives the current exploration in the area. The potential to find additional zones of Mary March type mineralization is still possible but additional exploration particularly on the lands adjacent to the Mary March zone would be required.

The Nancy April zone was explored by an IP geophysical survey and a drilling program, and this work proved effective. Holes MM-14-33, MM-14-34, and MM-14-35 all encountered some wide intervals of lower grade base metal mineralization. Geologically, the 2014 drilling encountered a widening of an observed footwall zone, with increasing grade to the southwest. This may suggest additional mineralized targets in this direction but structural complexities on the property make this difficult to predict. It was also noted that a thickening in polymictic sedimentary breccia above the Nancy April occurrence was encountered and Canstar feels this zone has great exploration potential.

25.3. Adventus Exploration Approach

The approach to property exploration by Adventus to date has placed a very substantial initial focus on digital compilation and reinterpretation of selected results from historic assessment reporting, government mapping and reporting, and other archival sources. This work was undertaken by Adventus and recognized that where possible, new and innovative methods of exploration should be applied in assessment of target areas masked by stratigraphic, structural complexity or overburden cover. Adventus has made efforts to evaluate and re-interpret stratigraphic, structural and metallization sequencing based on the assumption that creation of comprehensive and reliable databases of lithological, geochemical, geochronological and physical properties information is necessary to support informed evaluation of the holding.

Current work by Adventus includes ongoing core re-logging program and a comprehensive non- destructive rock properties study of catalogued historic BP era lithology samples to identify potentially cryptic alteration signatures and mineralization vectors. Additionally, large geological, geochemical and geophysical data sets, accessed in the early compilation stages of the project, are being incorporated on an on-going basis in the three-dimensional digital GOCAD® model of the Buchans district. Continued development of the 3D model through addition of a newly acquired geophysical survey is seen as an important new approach that will result in better understanding of exploration target architecture and target evaluation.

Early exploration targeting for Adventus on the Buchans Project has resulted in identification of five initial target areas requiring follow up. These are the Seal Pond, Skidder Dacite, Lake 12 - Lake 7 and Mary March Brook target areas. In all cases, validated evidence of VMS alteration system signatures plus anomalous base metal sulphide levels in drill core and/or outcrop have been defined. In two cases, Seal Pond and Lake 12, thin intercepts of banded base metal sulphide mineralization or transported clasts of such mineralization have been identified. These findings upgrade the areas as targets for focused, near-term exploration and all are considered to warrant detailed follow up such as diamond drilling. Key attributes of the five initial exploration target areas identified by Adventus to date appear below under separate headings along with brief notes on their recommended future exploration.

25.4. Conclusion

The author of the Technical Report has reviewed the conclusion as presented in this report and feels that there is excellent potential to assess the numerous targets that occur on the Buchans Property holdings of Adventus and Canstar. There is very limited risk and uncertainty associated with exploration in these areas. The local communities in the area see mineral exploration and mining as a key economic driver and are generally very supportive of this type of work. The author has first-hand experience having worked in the Buchans area for over 10 years and has not experienced any significant risk or uncertainty in the past.

Land access has generally not been an issue to exploration, however, access to the Mary March zone, and the surrounding park area where it sits, has apparently been an issue in the past. No drilling has been completed in this area since Phelps Dodge in 2000 and the author feels that access to this area is important to assessing the strike and down dip extension of the Mary March zone. Canstar needs to work with this property owner to secure access and while this access is important the author does not see it as a significant risk to ongoing exploration in the area.

26. RECOMMENDATIONS

As summarized above, work to date by Canstar and Adventus on their Buchans Project holdings has identified at least seven initial target areas in which more detailed investigations are warranted. These target areas include Mary March zone, Nancy April zone, Skidder Dacite zone, Seal Pond area, Lake 7 area, Lake 12 area and Mary March Brook area. Prospective areas such as Lake 3, MacLean East, Woodmans Brook, Little Sandy and Tower Zone areas are defined by lesser amounts of reliable data, but are deemed worthy of continued investigation.

Based on the exploration completed to date by Canstar and Adventus, and the results presented in this report the author presents a two-phase exploration program and budget to cover recommended future work programs for the Buchans and Mary March project areas. Table 26.1 highlights Phase 1 total expenditures of $1,000,000 to cover completion of reprocessing and interpretation airborne geophysics results, ground mapping, sampling, trenching, and an initial phase of diamond drilling on select targets such as Mary March zone, Nancy April zone, Skidder Dacite zone, Seal Pond area. Phase 2 expenditures total $1,000,000 and reflect additional trenching and sampling of Phase 1 mineralization, detailed ground geophysics on select targets, and an additional 3,000 m of diamond drilling. Commitment to all portions of the recommended Phase 2 program is contingent on positive results being returned for the Phase 1 exploration and drilling program.

Table 26.1: Phase 1 and 2 Exploration Program Budget Estimate

Program Phase	Program Components	Estimated Cost
1	Project management and data interpretation	$10,000
1	Reprocessing geophysical surveys and targeting	100,000
1	Geological mapping, prospecting, trenching, supervision and soil/till sampling, including support	$70,000
1	Core re-logging and support	$70,000
1	Diamond drilling and supervision (3000 m)	$750,000
	Phase 1 Subtotal	**$1,000,000**
2	Project management and planning	$100,000
2	Trenching and sampling	$50,000
2	Detailed ground geophysics (IP, EM)	$50,000
2	Diamond drilling and supervision (3000) m	$750,000
2	Down hole geophysical surveying	$50,000
	Phase 2 Subtotal	**$1,000,000**
1 and 2	**Grand Total**	**$2,000,000**

CONSENT OF AUTHOR OF BUCHANS AND MARY MARCH PROJECT AREAS TECHNICAL REPORT

The undersigned is the author of the technical report entitled "Technical Report On The Buchans and Mary March Project Areas, Buchans Camp, Newfoundland and Labrador, Canada" with an effective date of April 23, 2018 and a date of issue of April 23, 2018 (the "**Report**") and hereby consents to the inclusion of any extracts from or a summary of the Report in the Circular and to the filing of the Report with the applicable securities regulatory authorities. The undersigned also consents to the reference to himself in the Circular.

I certify that I have both read the Circular being filed and do not have any reason to believe that there are any misrepresentations in the information contained in it that are derived from the Report or, within my knowledge as a result of the services provided by me to Generic in connection with the Report.

Dated June 20, 2018

/s/ "Peter Webster"

Peter Webster, P. Geo.

EXHIBIT “B”
FINANCIAL STATEMENTS OF CANSTAR RESOURCES INC.

1. Audited Financial Statements for the year ended June 30, 2016 and the year ended June 30, 2017

2. Unaudited Interim Financial Statements for the three and nine months periods ended March 31, 2018 and 2017.

3. Canstar’s MD&A for:

   (a) For The Three And Nine Months Ended March 31, 2018

   (b) Year ended June 30, 2017

   (c) Year ended June 30, 2016

CANSTAR RESOURCES INC.

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

CANSTAR RESOURCES INC.

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

Independent Auditors' Report

To the Shareholders of Canstar Resources Inc.

We have audited the accompanying financial statements of Canstar Resources Inc., which comprise the statements of financial position as at June 30, 2017 and 2016, and the statements of operations and comprehensive loss, cash flows, changes in equity, and interest in exploration properties and deferred exploration expenditures for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canstar Resources Inc. as at June 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
October 13, 2017

MNP

STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT JUNE 30

	2017 $	2016 $
ASSETS		
CURRENT		
Cash and cash equivalents	718,075	214,898
Short-term investments (Note 3)	-	100,000
Amounts receivable and prepaid expenses	31,465	39,191
TOTAL CURRENT ASSETS	749,540	354,089
EQUIPMENT (Note 5)	1,166	1,457
INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Note 4 and 10)	2,968,894	2,573,226
TOTAL ASSETS	3,719,600	2,928,772
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	153,584	95,313
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 6(b))	11,948,816	11,122,125
WARRANTS (Note 6(d))	318,852	150,561
SHARE-BASED PAYMENTS RESERVE (Note 6(c))	354,700	547,455
DEFICIT	(9,056,352)	(8,986,682)
TOTAL SHAREHOLDERS' EQUITY	3,566,016	2,833,459
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,719,600	2,928,772

CONTINGENCIES (Note 13)

SUBSEQUENT EVENT (Note 14)

APPROVED ON BEHALF OF THE BOARD:

Signed " D. Peterson ", Director

Signed " J.E. Hurley ", Director

See accompanying notes to the financial statements.

CANSTAR RESOURCES INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED JUNE 30,

	2017 $	2016 $
OPERATING EXPENSES		
Share-based payments (Notes 6(c)(i) and 10)	212,850	53,550
Professional fees (Note 10)	111,930	101,477
Transfer agent and filing fees	55,629	26,871
Management fees (Note 10)	55,683	54,539
General and office expenses	10,951	9,793
Rent (Note 10)	20,838	20,838
Travel	2,842	-
Shareholder information	4,665	3,182
Interest and bank charges	1,625	1,315
Depreciation (Note 5)	291	363
TOTAL OPERATNG EXPENSES	**477,304**	**271,928**
Loss before interest income and flow-through premium	477,304	271,928
Interest income (Note 3)	(2,029)	(6,254)
Flow-through premium (Note 6(b))	-	(23,863)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	475,275	241,811
NET LOSS PER SHARE – Basic and diluted (Note 12)	0.00	0.00
WEIGHTED AVERAGE NUMBER OF SHARES – Basic and diluted	101,594,356	86,493,052

See accompanying notes to the financial statements.

CANSTAR RESOURCES INC.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED JUNE 30,

	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the year	(475,275)	(241,811)
Charges not involving cash:		
Share-based payments	212,850	53,550
Depreciation	291	363
Flow-through premium	-	(23,863)
	(262,134)	(211,761)
Changes in non-cash working capital balances:		
Decrease (increase) in amounts receivable and prepaid expenses	7,726	(29,278)
Increase (decrease) in accounts payable and accrued liabilities	11,132	11,307
Cash flows (used in) operating activities	(243,276)	(229,732)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares and warrants for cash	1,080,230	548,612
Share issue costs	(56,740)	(22,670)
Repurchased shares	(28,508)	-
Cash flows from financing activities	994,982	525,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of short-term investments	100,000	300,000
Interest in exploration properties and deferred exploration expenditures	(348,529)	(433,497)
Cash flows (used in) investing activities	(248,529)	(133,497)
Increase in cash and cash equivalents	503,177	162,713
Cash and cash equivalents, beginning of year	214,898	52,185
Cash and cash equivalents, end of year	**718,075**	**214,898**
SUPPLEMENTAL INFORMATION		
Change in accrued exploration property and deferred exploration expenditures	47,139	-
Common shares issued for property interest	-	8,000
Finders warrants	14,082	5,236
CASH AND CASH EQUIVALENTS AS AT JUNE 30		
Cash	556,744	155,596
Cash equivalents	161,331	59,302
	718,075	214,898

See accompanying notes to the financial statements.

CANSTAR RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED JUNE 30,

	Capital Stock $	Warrants $	Share-based Payments Reserve $	Deficit $	Total $
Balance, June 30, 2015	10,762,607	-	528,405	(8,779,371)	2,511,641
Share-based payments	-	-	53,550	-	53,550
Issuance of units in private placement	394,889	153,723	-	-	548,612
Share issue costs	(19,508)	(8,398)	-	-	(27,906)
Finders' warrants	-	5,236	-	-	5,236
Flow-through premium	(23,863)	-	-	-	(23,863)
Issuance of shares for property	8,000	-	-	-	8,000
Expiry of options	-	-	(34,500)	34,500	-
Net loss for the year	-	-	-	(241,811)	(241,811)
Balance, June 30, 2016	11,122,125	150,561	547,455	(8,986,682)	2,833,459
Share-based payments	-	-	212,850	-	212,850
Issuance of units in private placement	864,225	179,570	-	-	1,043,795
Share issue costs	(58,663)	(12,159)	-	-	(70,822)
Finders' warrants	-	14,082	-	-	14,082
Exercise of warrants	49,637	(13,202)	-	-	36,435
Expiry of options	-	-	(405,605)	405,605	-
Cancellation of shares	(28,508)	-	-	-	(28,508)
Net loss for the year	-	-	-	(475,275)	(475,275)
Balance, June 30, 2017	11,948,816	318,852	354,700	(9,056,352)	3,566,016

See accompanying notes to the financial statements.

STATEMENTS OF INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED JUNE 30,

	Mary March Properties $	Kenora Property $	Total $
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2015	65,884	18,200	84,084
Incurred	-	8,000	8,000
Balance, June 30, 2016	65,884	26,200	92,084
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2015	1,969,866	77,779	2,047,645
Access costs	8,124	79,289	87,413
Assaying	-	24,966	24,966
Field supplies	-	60,550	60,550
Geological consulting	-	64,125	64,125
Geophysics and exploration	9,100	-	9,100
Geophysics surveys	-	83,294	83,294
Labour and supervision	-	60,710	60,710
Travel	-	43,339	43,339
Balance, June 30, 2016	1,987,090	494,052	2,481,142
Total, June 30, 2016	2,052,974	520,252	2,573,226
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2016	65,884	26,200	92,084
Incurred	-	-	-
Balance, June 30, 2017	65,884	26,200	92,084
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2016	1,987,090	494,052	2,481,142
Access costs	294	11,241	11,535
Assaying	-	41,038	41,038
Drilling	-	64,181	64,181
Field supplies	70	40,090	40,160
Geological consulting	-	96,405	96,405
Geophysics and exploration	6,300	-	6,300
Geophysics surveys	-	5,893	5,893
Labour and supervision	-	82,906	82,906
Travel	-	47,250	47,250
Balance, June 30, 2017	1,993,754	883,056	2,876,810
Total, June 30, 2017	2,059,638	909,256	2,968,894

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS

Canstar Resources Inc. (the "Company" or “Canstar”) was formed by amalgamation on April 5, 2005. The Company is publicly traded with its shares listed on the TSX Venture Exchange. The Company’s registered and head office is located at 56 Temperance Street, Suite 1000, Toronto, Ontario M5H 3V5.

The financial statements were approved by the Board of Directors on October 13, 2017.

The Company is in the process of exploring its exploration properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the carrying values of exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, the preservation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain financing necessary to complete development of the properties, and the future profitable production therefrom or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

As at June 30, 2017, the Company had a deficit of $9,056,352 (2016 - $8,986,682) and working capital of $595,956 (2016 - $258,776). The Company's ability to continue operations and fund its future exploration property expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

2. BASIS OF PREPARATION

Statement of Compliance
These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared in compliance with IFRS and in accordance with the accounting policies described in Note 3, Summary of Significant Accounting Policies. The policies set out below have been consistently applied to all the periods presented, unless otherwise noted.

Basis of Measurement
These financial statements have been prepared on the historical cost basis except for those financial instruments carried at fair value. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information.

Basis of Preparation
These financial statements have been prepared on the basis of a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern; such adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparing the financial statements for the years ended June 30, 2017 and 2016.

Functional and presentation currency
The Company's presentation and functional currency is the Canadian dollar. The Company does not have any foreign operations. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at period end exchange rates are recognized in the statements of operations.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks and investments with original maturities of ninety days or less. During the year ended June 30, 2017, the Company earned $2,029 (2016 - $6,254) interest from its cash equivalents and short-term investments.

Short-term investments
Short-term investments consist of guaranteed investment certificates with original maturity dates exceeding ninety days and not exceeding one year. As at June 30, 2017 the principal amounts of the GIC investments were $nil (2016 – $100,000 bearing interest at a rate of 1.60% with a maturity date of November 9, 2016).

Income taxes
Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income. Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years. Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in the statements of operations or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Loss per share
Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. In the Company's case, diluted loss per share is the same as basic loss per share for the periods presented as there were no potentially dilutive securities during the years ended June 30, 2017 and 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Flow-through shares

The Company finances a portion of its exploration and evaluation activities through the issuance of flow-through shares. Under the terms of the flow-through common share issues, the tax attributes of the related expenditures are renounced to investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Company's common shares is allocated to liabilities. The premium liability is reduced pro-rata based on the percentage of flow-through expenditures renounced in comparison to renunciations required under the terms of the flow-through share agreement. The reduction to the premium liability in the period of renunciation is recognized in the statements of operations. The Company has indemnified the subscribers for any tax related amounts that become payable to the subscribers as a result of the Company not meeting its expenditure commitments.

Financial instruments

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are measured at fair value through profit or loss ("FVTPL"). These instruments are measured at fair value with subsequent changes in fair value recognized in the statements of operations. The Company's cash equivalents and short-term investments are classified as FVTPL.

Items classified as loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses on the realization of loans and receivables are recognized in the statements of operations. The Company's amounts receivable are classified as loans and receivables. The estimated fair values of these financial instruments approximate their carrying values because of the limited terms of these instruments.

Financial liabilities that are not measured at fair value through profit or loss are classified as other financial liabilities, and are carried at amortized cost using the effective interest method. Any gains or losses arising from the realization of other financial liabilities are recognized in the statements of operations. The Company has classified accounts payable and accrued liabilities as other financial liabilities. Due to their short-term natures, the fair values of these financial instruments approximate their carrying values.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At June 30, 2017, the Company's financial instruments that were carried at fair value consisted of cash equivalents of $161,331 (2016 - $59,302) and short-term investments of $nil (2016 - $100,000) that were classified as Level 1 within the fair value hierarchy.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the assets have been negatively impacted. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment and the loss is recognized in the statements of operations.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statements of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The carrying value of equipment is assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the Company evaluating its non-financial assets on a geographical or licence basis.

If the carrying amount of the asset or CGU exceeds its recoverable amount, the asset or CGU is impaired and an impairment loss is charged to the statement of operations so as to reduce the carrying amount to its recoverable amount.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of operations.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in the stock option note.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in Exploration properties and deferred exploration expenditures
Once a licence to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration properties and deferred exploration expenditures. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination. Capitalized exploration and evaluation costs are considered to be intangible assets. These assets are not depreciated as they are not currently available for use.

The Company qualifies for the Junior Exploration Assistance program of the Department of Natural Resources of the Government of Newfoundland and Labrador. Recoverable amounts are offset against deferred exploration costs incurred when the Company has complied with the terms and conditions of the program and the recovery is reasonably assured.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress.

Mineral reserves and capitalized mine development expenditures are, upon commencement of production, depreciated using a unit of production method or are written off if the property is abandoned.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial year in which this is determined. Exploration properties and deferred exploration expenditures are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions below is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Equipment
Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. The cost of equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated decommissioning and restoration costs associated with the asset. Equipment is depreciated on a diminishing balance basis at 20% per year.

Provisions
General
Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statements of operations, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, dismantling operating facilities, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the exploration or production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related exploration and evaluation asset to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of operations as a finance cost. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the statement of operations.

The Company does not currently have any such significant legal or constructive obligations and therefore no decommissioning liabilities have been recorded as at June 30, 2017 and 2016.

Critical judgments and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In determining whether any impairment losses have been incurred, management assesses the higher of the asset's fair value less costs to sell and its value in use for non-financial assets. These determinations and their individual assumptions require that management make a decision based on the best available information at the end of each reporting period.

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical judgments and estimation uncertainties (Continued)

Capitalization of deferred exploration costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for its annual periods beginning after July 1, 2017, many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 3. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017.

Change in accounting policies

IFRS 11 – Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. At July 1, 2016, the Company adopted this standard and there was no material impact on the Company's financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. At July 1, 2016, the Company adopted this standard and there was no material impact on the Company's financial statements.

4. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

The Company has interests in exploration properties in the McFauld's Lake area, the McDonough and Kenora Townships in Ontario, Canada, and the Buchans area of Newfoundland, Canada. Due to disappointing exploration results and/or lack of a current exploration plan or recent work, the Slate Bay and McFaulds Lake properties have been written off for accounting purposes.

a) Mary March Properties

(i) Glencore Joint Venture

The Company entered into an option and Joint Venture Agreement with Glencore plc ("Glencore") whereby the Company earned a 50% interest in the Mary March property located at Buchans Junction in central Newfoundland. The remaining 50% interest in the property was held by Glencore. The Company has a first right of refusal on Glencore's 50% interest, should they wish to sell. The Company, combined with the $755,000 spent by Freeport-McMoran of Canada Limited ("FMCL"), had completed the necessary exploration expenditures to earn a 50% interest in the property. Exploration of the property was held up approximately 10 years due to a title dispute that was resolved in 2012 in the Company's favor by the Newfoundland and Labrador Supreme Court.

The property consists of 92 staked claims, 5 licenses, 1 lease and 2 patented lots.

Should the Glencore Joint Venture thus established proceed to production, the Company would make a one-time cash payment of $2 million within six months of the commencement of commercial production. Canstar's share of production would be subject to a one percent (1%) net smelter return royalty ("NSR").

The Company is the operator of the Glencore Joint Venture and has the deciding vote in the event of a deadlock between the Company and Glencore. A diamond drilling program was completed in late 2012. The Company followed this up with a drill program in the fall of 2013. Glencore contributed $150,000 towards the 2012 exploration costs of the joint venture but did not contribute to the 2013, 2014 and 2015 exploration expenditures. Glencore was therefore subject to a voluntary reduction due to non-participation of these exploration programs. Canstar now holds a 56% interest in the joint venture and Glencore holds a 44% interest.

(ii) Mary March Extension Property

The Mary March Extension Property was acquired on April 7, 2009 and is comprised of 34 claims. The property is located immediately west and north of the Mary March Property.

Canstar holds a 100% interest in the property, which was written off in 2011 for accounting purposes.

(EXPRESSED IN CANADIAN DOLLARS)

4. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

b) Kenora Properties

On March 2, 2014, the Company entered into an option agreement to acquire several properties in the Kenora, Ontario area, collectively called the Kenora Gold Project. The Kenora Gold Project is situated in the Wabigoon sub-province, and located approximately 20 kilometres east of the Town of Kenora.

Canstar acquired a 100% interest in the Kenora Gold Project by making cash payments totalling $18,200 and issuing 200,000 common shares (valued at $8,000). The Kenora Gold Project is subject to a 3% NSR, subject to a buy-back right of $1,000,000 for the first 1.5% and $3,000,000 for the remaining 1.5%, which would reduce the NSR to 0%.

c) Slate Bay Property

The Slate Bay Property is comprised of eight contiguous patented claims located approximately 10 kilometres north of the town of Red Lake, Ontario. The Company earned a 75% interest in the property pursuant to an option and joint venture participation agreement entered into with Luxor Enterprises Inc. (“Luxor”) on February 4, 2002.

The Company has attempted to joint venture this property without success. Accordingly, the property has been written off although the Company still retains its interest.

5. EQUIPMENT

	Office and field equipment $
Cost	
Balance, June 30, 2016 and 2017	10,141
Accumulated depreciation	
Balance, June 30, 2015	8,321
Depreciation	363
Balance, June 30, 2016	8,684
Depreciation	291
Balance, June 30, 2017	8,975
Carrying value	
At June 30, 2016	1,457
At June 30, 2017	1,166

(EXPRESSED IN CANADIAN DOLLARS)

6. CAPITAL STOCK, OPTIONS AND WARRANTS

a) Authorized

Unlimited number of common shares, without par value

b) Issued

102,758,522 common shares

Summary of changes in capital stock:

	Common Shares #	Amount $
Common shares		
Balance, June 30, 2015	**82,856,381**	**10,762,607**
Issuance of flow-through shares (i)	6,103,333	366,200
Cost of issue (Note 10)		(27,906)
Flow-through premium (i)		(23,863)
Warrants (i) and (iii)		(145,325)
Issuance of shares for property (ii)	200,000	8,000
Issuance of common shares (iii)	3,040,200	182,412
Balance, June 30, 2016	**92,199,914**	**11,122,125**
Private placement (iv)	10,437,950	1,043,795
Cost of issue (Note 10)	-	(58,663)
Exercise of warrants	368,560	49,637
Warrant valuation (iv)	-	(179,570)
Cancellation of shares (v)	(247,902)	(28,508)
Balance, June 30, 2017	**102,758,522**	**11,948,816**

(i) On December 23, 2015 and December 29, 2015, the Company completed two tranches of a non-brokered private placement financing comprising an aggregate of 6,103,333 flow-through units at $0.06 per unit for gross proceeds of $366,200 of which $23,863 was allocated to the flow-through premium. Each unit consisted of one flow-through common share and one common share purchase warrant.

Each warrant entitles the holder to purchase one common share of the Company for a period of 24 months after closing at a price of $0.10 in the first year after closing, and $0.175 in the second year after closing if the holder so elects. When the closing price on the TSX Venture Exchange of the shares equals or exceeds $0.175 per share in the first year after closing or $0.25 per share in the second year after closing, for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants.

The grant date fair value of the warrants was estimated to be $96,640 net of issue costs of $1,564. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 130%, risk-free interest rate of 0.50%, and expected life of 2 years.

Finders' fees of $1,100 were paid and 29,600 finders' warrants were issued, valued at $1,062. The finders' warrants are exercisable into units having the same terms as the private placement at an exercise price of $0.06 for a period of two years.

Insiders of the Company acquired 1,283,333 units of the private placement for gross proceeds of $77,000.

6. CAPITAL STOCK, OPTIONS AND WARRANTS (Continued)

b) Issued (Continued)

(ii) On February 26, 2016, the Company issued 200,000 common shares at a fair value of $0.04 per share pursuant to the acquisition of the Kenora Gold Project (Note 4) based on the quoted market price at the time of receipt.

(iii) On May 2, 2016, the Company completed a non-brokered private placement financing comprising an aggregate of 1,158,334 flow-through units at $0.06 per unit and 1,881,866 hard dollar units at $0.06 per unit for gross proceeds of $182,412. Each flow-through unit consisted of one flow-through common share and one common share purchase warrant. Each hard dollar unit consisted of one common share and one common share purchase warrant.

Each warrant entitles the holder to purchase one common share of the Company for a period of 24 months after closing at a price of $0.10 in the first year after closing, and $0.175 in the second year after closing if the holder so elects. When the closing price on the TSX Venture Exchange of the shares equals or exceeds $0.175 per share in the first year after closing, or $0.25 per share in the second year after closing, for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants.

The grant date fair value of the warrants was estimated to be $48,685 net of issue costs of $6,834. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 113%, risk-free interest rate of 0.58%, and expected life of 2 years.

Finders' fees of $6,811 were paid and 181,626 finders' warrants were issued, valued at $4,174. The finders' warrants are exercisable into hard dollar units having the same terms as the private placement at an exercise price of $0.06 for a period of two years.

(iv) On August 2, 2016, the Company completed a non-brokered private placement financing of 10,437,950 units at $0.10 per unit for gross proceeds of $1,043,795. Each unit consisted of one common share and one-half of one common share purchase warrant.

Each warrant entitles the holder to purchase one common share of the Company until December 31, 2017 at a price of $0.15. The grant date fair value of the warrants was estimated to be $179,570. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 127% based on the Company's historical trading data, risk-free interest rate of 0.55%, and expected life of 1.4 years.

Issue cost of $70,822 were paid including 256,000 finders' warrants issued, valued at $14,082, of which $12,159 was allocated to warrants. Each finders warrant is exercisable at $0.10 into one common share and one-half of one common share purchase warrant and have the same terms as the units issued pursuant to the private placement.

(v) As a result of the consolidation of the Company's common shares on a 10 for 1 basis and subsequent stock split on a 10 for 10 basis, 247,902 common shares were cancelled. Shareholders can receive cash consideration equal to $0.12 per common share for the shares that were cancelled. Accordingly, the Company paid $28,508 in relation to these cancelled shares.

(EXPRESSED IN CANADIAN DOLLARS)

6. CAPITAL STOCK, OPTIONS AND WARRANTS (Continued)

c) Stock Options

The Company has granted options for the purchase of common shares to its directors, officers, and consultants. The aggregate number of common shares which may be issued under the stock option plan is 15,000,000. The options are non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant subject to all applicable regulatory requirements.

A summary of changes in stock options is as follows:

	Number of Options #	Weighted Average Exercise Price $
Balance, June 30, 2015	6,075,000	0.17
Expired	(450,000)	(0.08)
Balance, June 30, 2016	5,625,000	0.12
Granted (i)	2,475,000	0.11
Expired	(2,475,000)	(0.18)
Balance, June 30, 2017	5,625,000	0.08

(i) On January 3, 2017, the Company granted 2,475,000 stock options to certain directors, officers and consultants of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.11 for a period of 5 years. A grant date fair value of $212,850 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 1.14%; expected life of 5 years; and an expected volatility of 108% based on the Company's historical trading data. Options vest immediately on issuance.

The total value of share-based payments for the year ended June 30, 2017 was $212,850, (year ended June 30, 2016 - $53,550).

As at June 30, 2017, the following stock options were outstanding:

Options Granted #	Exercisable Options #	Exercise Price $	Expiry Date
100,000	100,000	0.20	August 10, 2017*
500,000	500,000	0.10	May 1, 2018
100,000	100,000	0.10	July 17, 2018
2,450,000	2,450,000	0.05	December 11, 2019
2,475,000	2,475,000	0.11	January 3, 2022
5,625,000	5,625,000	0.08	

The weighted average exercise price of the options granted and exercisable as at June 30, 2017 and 2016 was $0.08 and $0.12 respectively. The weighted average remaining contractual life of options granted and exercisable as at June 30, 2017 and 2016 was 3.15 years and 2.08 years, respectively.

**expired subsequent to year end (Note 14)*

(EXPRESSED IN CANADIAN DOLLARS)

6. CAPITAL STOCK, OPTIONS AND WARRANTS (Continued)

d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants #	Weighted Average Exercise Price $	Value $
Balance, June 30, 2015	-	-	-
Issued	9,354,759	0.10	150,561
Balance, June 30, 2016	9,354,759	0.10	150,561
Issued	5,647,255	0.15	181,493
Exercised	(368,560)	(0.10)	(13,202)
Balance, June 30, 2017	14,633,454	0.15	318,852

As at June 30, 2017, the following warrants were outstanding:

Black-Scholes Valuation $	Number of Warrants #	Exercise price $	Expiry Date
167,411	5,298,975	0.15	December 31, 2017
2,640[(1)]	48,000	0.10	December 31, 2017
9,025	570,000	0.175	December 29, 2017
531	14,800	0.06	December 29, 2017
87,615	5,533,333	0.175	December 23, 2017
48,685	3,040,200	0.10	May 2, 2018
2,945	128,146	0.175	May 2, 2018
318,852	14,633,454	0.15	

(1) Each warrant is exercisable into one common share and one-half of one common share purchase warrant exercisable at $0.15 until December 31, 2017.

7. FINANCIAL INSTRUMENTS

Fair Value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the end of the reporting period based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

8. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

There were no changes in the Company's approach to capital management approach during the years ended June 30, 2017 and 2016.

9. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

Credit risk
The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable and prepaid expenses is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2017, the Company had a cash and cash equivalents balance of $718,075 (2016 - $214,898) to settle current liabilities of $153,584 (2016 - $95,313). The Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing. Management is continuing to pursue various financing initiatives in order to provide sufficient cash flow to finance operations as well as funding its exploration expenditures. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk
The Company has cash, cash equivalents and short-term investment balances subject to interest. Management does not believe the Company is exposed to significant interest rate risk.

Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign exchange risk.

Price risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

(EXPRESSED IN CANADIAN DOLLARS)

9. FINANCIAL RISK FACTORS (Continued)

Sensitivity analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

(i) Cash, cash equivalents and short-term investments are invested with a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. Sensitivity to a plus or minus 1% change in rates, based on the balance of cash, cash equivalents and short-term investments at June 30, 2017, would affect the net loss by plus or minus $7,100 during a twelve-month period.

(ii) The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

10. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2017, the Company incurred $20,838 (2016 - $20,838) for rent charged by a corporation of which the Chairman of the Board and the President are directors of the Company.

The remuneration of directors and key management during the years ended June 30, 2017 and 2016 was as follows:

	2017 **$**	**2016** **$**
Short-term benefits (i)	135,923	103,794
Share-based payments	193,500	53,550
	329,423	157,344

(i) During the year ended June 30, 2017, $78,406 (2016 - $50,000) of short-term benefits was capitalized as deferred exploration expenditures and $57,517 (2016 - $53,794) was included in management fees.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive or non-executive) of the Company.

During the year ended June 30, 2017, the Company incurred $27,038 (2016 - $22,500) for professional fees charged by Peterson McVicar LLP, a law firm of which a director is a partner. Of this amount, $8,508 (2016 - $12,154) has been included in share issue costs in relation to these fees.

During the year ended June 30, 2016, officers and directors of the Company acquired 1,283,333 units of the private placement described in Note 6.

(EXPRESSED IN CANADIAN DOLLARS)

11. INCOME TAXES

a) The reconciliation of the income tax recovery, calculated using the combined Canadian federal and provincial statutory income tax rate of 28% (2016 – 28%) is as follows:

	2017 $	2016 $
Loss before income taxes	(475,275)	(241,811)
Expected income tax (recovery)	(133,000)	(67,000)
Adjustments to benefit resulting from:		
Non-deductible expenses and other	60,000	(86,000)
Flow-through renunciation	19,000	121,000
Change in unrecognized tax benefits	54,000	32,000
Income tax (recovery)	-	-

b) Deferred tax assets have not been recognized in respect to the following deductible temporary differences:

	2017 $	2016 $
Non capital losses	567,000	552,000
Capital loss carry-forwards	172,000	172,000
Exploration properties	5,477,000	5,217,000
Share issue costs	59,000	18,000
Investment tax credits and other	247,000	246,000
	6,522,000	6,205,000

c) The tax losses expire from 2027 to 2037. The other temporary differences do not expire under current regulation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

d) The Company has Canadian development and exploration expenditure pools for tax purposes of approximately $7,610,000 at June 30, 2017 (2016 - $7,790,000) that may, in certain situations be applied to reduce taxable income in subsequent years.

12. NET LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended June 30, 2017 and 2016 was based on the net loss attributable to common shareholders of $475,275 and $241,811, respectively, and the weighted average number of common shares outstanding of 101,594,356 and 86,493,052, respectively.

13. CONTINGENCIES

Environmental Contingencies

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

14. SUBSEQUENT EVENT

On August 10, 2017, 100,000 stock options expired, unexercised.

CANSTAR RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of Canstar Resources Inc. (the "Company" or "Canstar") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim financial statements do not contain any untrue statement of 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 is made, as of the date of, and for the periods presented by, the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

CANSTAR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

As at		March 31, 2018		June 30, 2017
ASSETS				
Current				
Cash and cash equivalents	**$**	**102,007**	$	718,075
Amounts receivable and prepaid expenses		**12,322**		31,465
Total current assets		**114,329**		749,540
Equipment (Note 4)		**991**		1,166
Interest in exploration properties and deferred exploration expenditures (Notes 3 and 7)		**3,360,608**		2,968,894
Total assets	**$**	**3,475,928**	$	3,719,600
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**87,072**	$	153,584
Total liabilities		**87,072**		153,584
SHAREHOLDERS' EQUITY				
Capital stock (Note 5(b))		**11,952,966**		11,948,816
Warrants (Note 5(d))		**51,630**		318,852
Share-based payments reserve (Note 5(c))		**342,625**		354,700
Deficit		**(8,958,365)**		(9,056,352)
Total shareholders' equity		**3,388,856**		3,566,016
Total liabilities and shareholders' equity	**$**	**3,475,928**	$	3,719,600

Nature and Continuance of Operations and Going Concern (Note 1)
Commitments and Contingencies (Notes 3 and 8)
Subsequent Events and Proposed Transactions (Note 9)

APPROVED ON BEHALF OF THE BOARD:

"D. Peterson", Director

"J E. Hurley", Director

See accompanying notes to the unaudited condensed interim financial statements.

CANSTAR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Nine Months Ended March 31, 2018	Nine Months Ended March 31, 2017
Operating expenses				
Share-based payments (Notes 5(c) and 7)	**$ 9,400**	$ 212,850	**$ 9,400**	$ 212,850
Interest and bank charges	**503**	946	**1,083**	1,324
Transfer agent and filing fees	**2,820**	59,714	**50,505**	74,395
Management fees (Note 7)	**-**	6,496	**142**	37,169
Professional fees (Note 7)	**29,872**	22,343	**71,783**	69,777
General and office expenses	**7,238**	7,103	**12,213**	12,072
Shareholder information	**6,688**	4,960	**20,489**	23,615
Amortization (Note 4)	**58**	72	**175**	218
Rent (Note 7)	**-**	5,210	**8,683**	15,629
Total operating expenses	**56,579**	319,694	**174,473**	447,049
Loss before the undernoted	**(56,579)**	(319,694)	**(174,473)**	(447,049)
Interest income	**94**	-	**1,472**	-
Write off of interest in mineral properties	**(16,059)**	-	**(16,059)**	-
Net loss and comprehensive loss for the period	**$ (72,544)**	$ (319,694)	**$ (189,060)**	$ (447,049)
Net loss per share - basic and diluted (Note 6)	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of shares	**102,808,522**	102,458,242	**102,791,947**	100,623,138

See accompanying notes to the unaudited condensed interim financial statements.

CANSTAR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Nine Months Ended March 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	**$ (189,060)**	$ (447,049)
Charges not involving cash:		
Share-based payments	**9,400**	212,850
Amortization	**175**	218
Write off of interest in mineral properties	**16,059**	-
	(163,426)	(233,981)
Changes in non-cash working capital items:		
Decrease in amounts receivable and prepaid expenses	**19,143**	10,128
Decrease in accounts payable and accrued liabilities	**(66,512)**	(5,649)
Cash flows used in operating activities	**(210,795)**	(229,502)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of units	**-**	1,043,795
Shares to be issued	**-**	8,400
Proceeds from exercise of stock options	**2,500**	-
Proceeds from exercise of warrants	**-**	28,035
Share issue costs	**-**	(56,740)
Cash flows from financing activities	**2,500**	1,023,490
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest in exploration properties and deferred exploration expenditures - net	**(407,773)**	(273,118)
Purchase of short-term investments	**-**	(59,302)
Cash flows used in investing activities	**(407,773)**	(332,420)
Change in cash and cash equivalents	**(616,068)**	461,568
Cash and cash equivalents, beginning of period	**718,075**	214,898
Cash and cash equivalents, end of period	**$ 102,007**	$ 676,466
SUPPLEMENTAL INFORMATION		
Finders warrants	**$ -**	$ 18,840

See accompanying notes to the unaudited condensed interim financial statements.

CANSTAR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Shares to be Issued	Capital Stock	Warrants	Share-based Payment Reserve	Deficit	Total
Balance, June 30, 2016	**$ -**	**$ 11,122,125**	**$ 150,561**	**$ 547,455**	**$ (8,986,682)**	**$ 2,833,459**
Share-based payments	-	-	-	212,850	-	212,850
Issuance of units in private placement	-	810,393	233,402	-	-	1,043,795
Shares to be issued	8,400	-	-	-	-	8,400
Share issue costs	-	(58,952)	(16,628)	-	-	(75,580)
Finders warrants	-	-	18,840	-	-	18,840
Exercise of warrants	-	42,240	(14,205)	-	-	28,035
Adjustment on cancellation of shares	-	(29,700)	-	-	-	(29,700)
Net loss for the period	-	-	-	-	(447,049)	(447,049)
Balance, March 31, 2017	**8,400**	**11,886,106**	**371,970**	**760,305**	**(9,433,731)**	**3,593,050**
Balance, June 30, 2017	**-**	**11,948,816**	**318,852**	**354,700**	**(9,056,352)**	**3,566,016**
Share-based payments	-	-	-	9,400	-	9,400
Exercise of stock options	-	4,150	-	(1,650)	-	2,500
Expiry of stock options	-	-	-	(19,825)	19,825	-
Expiry of warrants	-	-	(267,222)	-	267,222	-
Net loss for the period	-	-	-	-	(189,060)	(189,060)
Balance, March 31, 2018	**$ -**	**$ 11,952,966**	**$ 51,630**	**$ 342,625**	**$ (8,958,365)**	**$ 3,388,856**

See accompanying notes to the unaudited condensed interim financial statements.

CANSTAR RESOURCES INC.
STATEMENTS OF INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Mary March Properties	Kenora Properties	Slate Bay Properties	Total
PROPERTY ACQUISITION COSTS				
Balance, June 30, 2016 and March 31, 2017	$ 65,884	$ 26,200	$ -	$ 92,084
DEFERRED EXPLORATION COSTS				
Balance, June 30, 2016	1,987,090	494,052	-	2,481,142
Access	294	11,241	-	11,535
Assaying	-	2,032	-	2,032
Drilling	-	64,181	-	64,181
Field supplies	70	23,896	-	23,966
Geological consulting	-	57,800	-	57,800
Geophysics and exploration	6,300	5,893	-	12,193
Labour and supervision	-	70,073	-	70,073
Travel	-	31,338	-	31,338
Balance, March 31, 2017	1,993,754	760,506	-	2,754,260
Total, March 31, 2017	**$ 2,059,638**	**$ 786,706**	**$ -**	**$ 2,846,344**
PROPERTY ACQUISITION COSTS				
Balance, June 30, 2017 and March 31, 2018	$ 65,884	$ 26,200	$ -	$ 92,084
DEFERRED EXPLORATION COSTS				
Balance, June 30, 2017	1,993,754	883,056	-	2,876,810
Access	2,200	3,576	16,059	21,835
Administrative	-	78	-	78
Assaying	-	40,165	-	40,165
Drilling	-	208,758	-	208,758
Field supplies	-	36,098	-	36,098
Geological consulting	-	29,700	-	29,700
Geophysics and exploration	7,700	-	-	7,700
Labour and supervision	-	33,333	-	33,333
Travel	-	30,106	-	30,106
Written down during the period	-	-	(16,059)	(16,059)
Balance, March 31, 2018	2,003,654	1,264,870	-	3,268,524
Total, March 31, 2018	**$ 2,069,538**	**$ 1,291,070**	**$ -**	**$ 3,360,608**

See accompanying notes to the unaudited condensed interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Canstar Resources Inc. (the "Company" or “Canstar”) was formed by amalgamation on April 5, 2005. The Company’s registered and head office is located at 56 Temperance Street, Suite 1000, Toronto, Ontario M5H 3V5.

The unaudited condensed interim financial statements were approved by the Board of Directors on May 29, 2018.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the carrying values of mineral properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain financing necessary to complete development of the properties, and the future profitable production therefrom or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

As at March 31, 2018, the Company had a deficit of $8,958,365 and working capital of $27,257. The Company's ability to continue operations and fund its future exploration property expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future (see Note 9). These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Definitive Agreement - Adventus Zinc Corporation and Altius Minerals Limited

As more fully outlined in the February 21, 2018 press release, the Company, Adventus Zinc Corporation ("Adventus") (TSX-V: ADZN) and Altius Minerals Limited ("Altius") (TSX: ALS) have entered into a three-way definitive agreement (the “Transaction”) dated February 20, 2018 whereby the Company will acquire the Newfoundland base metal exploration assets of Adventus and the Daniel’s Harbour Zinc Project from Altius in exchange for: (i) the issuance of common shares of the Company to Adventus and Altius; and (ii) a funding commitment from Altius of $500,000 as part of a $750,000 private placement. The financing will consist of the sale of 4,166,667 common shares issued at $0.06 per share on a hard dollar basis for gross proceeds of $250,000, and 6,250,000 common shares issued on a flow-through basis at $0.08 per share for gross proceeds of $500,000. Altius is subscribing for the flow-through shares for a total investment of $500,000 and will have pro-rata equity participation rights going forward. Altius will also receive a right of first refusal on any future royalty and/or streaming financing related to the Mary March property.

Under the Transaction, the Company will issue 86.7 million shares to Adventus for its portfolio of assets and Altius will receive 12.1 million shares for its Daniel’s Harbour Zinc Project. Upon closing, including completion of the private placement, the current shareholders of the Company will own approximately 49% of the consolidated company, while Adventus and Altius will own approximately 40% and 9%, respectively, and other investors in the private placement will own 2%. Following completion of the Transaction, the Company will use commercially reasonable efforts to complete a minimum $2,000,000 flow-through private placement financing.

Upon completion of the Transaction, the Board of Directors of the Company will initially be comprised of four members, with three members appointed by the Company and one member appointed by Adventus (and Adventus retaining the right to appoint a second member at a later date).

1. NATURE AND CONTINUANCE OF OPERATIONS (CONTINUED)

Definitive Agreement - Adventus Zinc Corporation and Altius Minerals Limited (Continued)

The Transaction will be subject to TSX Venture Exchange approval for both the Company and Adventus. The Company is arm's length to both Adventus and Altius. Adventus and Altius are "non-arm's length parties" as Altius is an "insider" of Adventus as such term is defined under securities laws. The Company will require shareholder approval pursuant to the policies of the TSX Venture Exchange as Adventus will become a "control person" of the Company on closing. The Transaction is also subject to satisfaction of certain other closing conditions customary in transactions of this nature. Directors and officers of the Company, representing 6.2% of the Company's common shares, have entered into voting support agreements with Adventus and Altius, pursuant to which they will vote their common shares in favour of the Transaction. It is also anticipated, assuming the Transaction is approved, that the Company will complete a 5 for 1 share consolidation and all shares will be issued on a post-consolidated basis. As a result, upon completion of the Transaction, there will be issued and outstanding approximately 212,025,189 shares on a pre-consolidation basis and 42,405,038 shares on a post-consolidation basis. The effective price of the private placement will be $0.30 per hard dollar common share and $0.40 per flow-through common share.

The Transaction will allow the Company to consolidate the majority of the Buchans Camp and adds three high quality Newfoundland zinc exploration projects to the Company's portfolio. Upon closing of the Transaction, the Company's Newfoundland exploration team will initiate a comprehensive 2018 exploration program focused on the Buchans Camp, with a minimum 3,000m of diamond drilling campaign anticipated in 2018 to be completed in phases.

Full details of the Transaction will be included in the management information circular of the Company to be mailed to its shareholders and posted on www.sedar.com. It is anticipated that the meeting of the Company's shareholders and the closing will take place by July 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance:

The Company applies 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 unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of May 29, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2017, except where noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending June 30, 2018 could result in restatement of these unaudited condensed interim financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New IFRS standards not yet adopted:

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for its annual periods beginning on or after July 1, 2018.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 3. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

3. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

The Company has interests in exploration properties in the Kenora Townships in Ontario, Canada, and the Buchans area of Newfoundland, Canada. Due to disappointing exploration results and/or lack of a current exploration plan or recent work, the Slate Bay property has been written off for accounting purposes.

a) Mary March Properties

(i) Glencore Joint Venture

The Company entered into an option and Joint Venture Agreement with Glencore plc ("Glencore") whereby the Company has a 50% interest in the Mary March property located at Buchans Junction in central Newfoundland. The remaining 50% interest in the property is held by Glencore. The Company has a first right of refusal on Glencore’s 50% interest, should they wish to sell. Exploration of the property was held up approximately 10 years due to a title dispute that was resolved in 2012 in the Company’s favour by the Newfoundland and Labrador Supreme Court.

The property consists of 92 staked claims, 5 licenses, 1 lease and 2 patented lots.

Should the Glencore joint venture thus established proceed to production, the Company would make a one-time cash payment of $2 million within six months of the commencement of commercial production. Canstar’s share of production would be subject to a one percent (1%) net smelter return royalty (“NSR”).

The Company is the operator of the Glencore joint venture and has the deciding vote in the event of a deadlock between the Company and Glencore. A diamond drilling program was completed in late 2012. The Company followed this up with a drill program in the fall of 2013. Glencore contributed $150,000 towards the 2012 exploration costs of the joint venture but did not contribute to the 2013, 2014 and 2015 exploration expenditures. Glencore was therefore subject to a voluntary reduction due to non-participation of these exploration programs. Canstar now holds a 56% interest in the joint venture and Glencore holds a 44% interest.

3. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

a) Mary March Properties (continued)

(ii) Mary March Extension Property

The Mary March Extension Property was acquired on April 7, 2009 and is comprised of 34 claims. The property is located immediately west and north of the Mary March Property.

Canstar holds a 100% interest in the property, which has been written off for accounting purposes.

b) Kenora Properties

On March 2, 2014, the Company entered into an option agreement to acquire several properties in the Kenora, Ontario area, collectively called the Kenora Gold Project. The Kenora Gold Project is situated in the Wabigoon sub-province, and located approximately 20 kilometres east of the Town of Kenora.

Canstar acquired a 100% interest in the Kenora Gold Project by making cash payments of $18,200 and issuing 200,000 common shares (valued at $8,000). The Kenora Gold Project is subject to a 3% NSR, subject to a buy-back right of $1,000,000 for the first 1.5% and $3,000,000 for the remaining 1.5%, which would reduce the NSR to 0%.

c) Slate Bay Property

The Slate Bay Property is comprised of eight contiguous patented claims located approximately 10 kilometres north of the town of Red Lake, Ontario. The Company earned a 75% interest in the property pursuant to an option and joint venture participation agreement entered into with Luxor Enterprises Inc. (“Luxor”) on February 4, 2002.

The Company has attempted to joint venture this property without success. Accordingly, the property has been written off although the Company still retains its interest.

(EXPRESSED IN CANADIAN DOLLARS)

4. EQUIPMENT

Cost		Office and field equipment
Balance, June 30, 2016, March 31, 2017, June 30, 2017 and March 31, 2018	**$**	**10,141**

Accumulated Amortization		Office and field equipment
Balance, June 30, 2016	**$**	**8,684**
Amortization		218
Balance, March 31, 2017		**8,902**
Balance, June 30, 2017		**8,975**
Amortization		175
Balance, March 31, 2018	**$**	**9,150**

Carrying Value		Office and field equipment
Balance, June 30, 2016	**$**	**1,457**
Balance, March 31, 2017	**$**	**1,239**
Balance, June 30, 2017	**$**	**1,166**
Balance, March 31, 2018	**$**	**991**

5. CAPITAL STOCK, OPTIONS AND WARRANTS

(a) Authorized
Unlimited number of common shares, without par value

(EXPRESSED IN CANADIAN DOLLARS)

5. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Issued

102,808,522 common shares

Summary of changes in capital stock:

	Shares		Amount
Balance, June 30, 2016,	92,199,914	$	11,122,125
Issuance of common shares in private placement (i)	10,437,950		1,043,795
Warrant valuation (i)	-		(233,402)
Exercise of warrants	296,560		42,240
Cost of issue	-		(58,952)
Adjustment on cancellation of shares (ii)	(247,902)		(29,700)
Balance, March 31, 2017	**102,686,522**	**$**	**11,886,106**
Balance, June 30, 2017	**102,758,522**		**11,948,816**
Exercise of stock options	50,000		4,150
Balance, March 31, 2018	**102,808,522**	**$**	**11,952,966**

(i) On August 2, 2016, the Company completed a non-brokered private placement financing of 10,437,950 units at $0.10 per unit for gross proceeds of $1,043,795. Each unit consists of one common share and one-half of one common share purchase warrant.

Each warrant entitles the holder to purchase one common share of the Company until December 31, 2017 at a price of $0.15. The grant date fair value of the warrants was estimated to be $233,402. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 127%, risk-free interest rate of 0.55%, and expected life of 1.4 years.

Finders fees of $58,952 were paid including 265,000 finders warrants issued, valued at $18,840, of which $16,628 was allocated to warrants. Each finders warrant is exercisable at $0.10 into one common share and one-half of one common share purchase warrant and have the same terms as the private placement.

(ii) As a result of the consolidation of the Company's common shares in January 2017, 247,902 common shares were cancelled. Shareholders received cash consideration equal to $0.12 per common share for the shares that were cancelled. Accordingly, the Company paid $29,700 in relation to the cash consideration.

(c) Stock Options

The Company has granted options for the purchase of common shares to its directors, officers, and consultants. The aggregate number of common shares which may be issued under the stock option plan is 15,000,000. The options are non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant at the market price of the common shares, subject to all applicable regulatory requirements.

(EXPRESSED IN CANADIAN DOLLARS)

5. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options (continued)

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2016	**5,625,000**	**$ 0.12**
Granted (i)	2,475,000	0.11
Balance, March 31, 2017	**8,100,000**	**$ 0.11**
Balance, June 30, 2017	**5,625,000**	**$ 0.12**
Granted (ii)	200,000	0.05
Exercised	(50,000)	0.05
Expired	(137,500)	0.18
Balance, March 31, 2018	**5,637,500**	**$ 0.08**

(i) On January 3, 2017, the Company granted 2,475,000 stock options to certain directors, officers and consultants of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.11 for a period of 5 years. A grant date fair value of $212,850 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 1.14%; expected life of 5 years; and an expected volatility of 108% based on the Company's historical trading data.

(ii) On January 12, 2018, the Company granted 200,000 stock options to a consultant of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.05 for a period of 5 years. The options vested immediately. A grant date fair value of $9,400 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 1.97%; expected life of 5 years; and an expected volatility of 166% based on the Company's historical trading data.

The total value of share-based payments for the three and nine months ended March 31, 2018 was $9,400, (three and nine months ended March 31, 2017 - $212,850).

As at March 31, 2018, the following stock options were outstanding:

Number of Options	Exercisable Options	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
500,000	500,000	$0.10	0.08	May 1, 2018
100,000	100,000	$0.10	0.30	July 17, 2018
2,400,000	2,400,000	$0.05	1.70	December 11, 2019
2,437,500	2,437,500	$0.11	3.76	January 3, 2022
200,000	200,000	$0.05	4.79	January 12, 2023
5,637,500	**5,637,500**	**$0.08**	**2.53**	

The weighted average exercise price of exercisable options at March 31, 2018 was $0.08.

(EXPRESSED IN CANADIAN DOLLARS)

5. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2016	**9,354,759**	**$ 0.175**
Issued	5,483,975	0.150
Exercised	(296,560)	0.090
Issued from exercise	148,280	0.130
Balance, March 31, 2017	**14,690,454**	**0.150**
Balance, June 30, 2017	**14,633,454**	**$ 0.150**
Expired	(11,465,108)	0.163
Balance, March 31, 2018	**3,168,346**	**$ 0.175**

As at March 31, 2018, the following warrants were outstanding.

Black-Scholes Valuation	Number of Warrants	Exercise Price	Expiry Date
$ 48,685	3,040,200	$0.175	May 2, 2018
2,945	128,146	$0.175	May 2, 2018
$ 51,630	**3,168,346**	**$0.175**	

6. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three and nine months ended March 31, 2018 was based on the net loss attributable to common shareholders of $72,544 and $189,060, respectively (three and nine months ended March 31, 2017 - $319,694 and $447,049, respectively) and the weighted average number of common shares outstanding of 102,808,522 and 102,791,947, respectively (three and nine months ended March 31, 2017 - 102,458,242 and 100,623,138, respectively). Diluted loss per share did not include the effect of 5,637,500 options and 3,168,346 warrants outstanding (March 31, 2017 - 8,100,000 options and 14,690,454 warrants outstanding) as they are anti-dilutive.

(EXPRESSED IN CANADIAN DOLLARS)

7. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

Canstar entered into the following transactions with related parties:

During the three and nine months ended March 31, 2018, the Company incurred $nil and $8,683, respectively (three and nine months ended March 31, 2017 - $5,210 and $15,629, respectively) for rent charged by a corporation of which the Chairman of the Board and the president are directors of the Company.

The remuneration of directors and key management during the three and nine months ended March 31, 2018 and March 31, 2017 was as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2018	**2017**	**2018**	**2017**
Short-term benefits (i)	**$ -**	$ 26,765	**$ 33,538**	$ 106,942
Share-based payments	**-**	193,500	**-**	193,500
	$ -	$ 220,265	**$ 33,538**	$ 300,442

(i) During the three and nine months ended March 31, 2018, $nil and $33,333, respectively (three and nine months ended March 31, 2017 - $20,073 and $70,073) of short-term benefits was capitalized as deferred exploration expenditures and $nil and $205, respectively (three and nine months ended March 31, 2017 - $6,691 and $36,868, respectively) is included in management fees.

During the three and nine months ended March 31, 2018, the Company incurred $nil (three and nine months ended March 31, 2017 - $2,890 and $27,038, respectively) for professional fees charged by Peterson McVicar LLP (formerly Peterson & Company LLP), a law firm of which a director is a partner. Of this amount, $nil (March 31, 2017 - $8,508) has been included in share issue costs.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive or non-executive) of the Company.

As at March 31, 2018, the directors of the Company together control 6,357,849 common shares or approximately 6.18% of the total common shares outstanding. To the knowledge of directors and officers of Canstar, the remainder of the Company's outstanding common shares are widely held.

8. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's mineral exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

9. SUBSEQUENT EVENTS AND PROPOSED TRANSACTIONS

Private Placement Closing

On April 17, 2018, the Company completed a non-brokered private placement for aggregate gross proceeds of $1,500,021 ("Offering"). The Offering consisted of the sale of 8,333,699 common share subscription receipts ("Common Share Receipts") at a price of $0.06 per Common Share Receipt and 12,500,000 flow through subscription receipts ("Flow Through Receipts") at a price of $0.08 per Flow Through Receipt (together, the "Subscription Receipts"). Altius Resources Inc., a wholly-owned subsidiary of Altius, has purchased 6,250,000 Flow Through Receipts for the amount of $500,000.

Upon satisfaction of the Escrow Release Conditions (as defined below), each Common Share Receipt shall be exchangeable for one common share ("Common Share") of Canstar. Each Flow Through Receipt shall be exchangeable for one flow through share ("Flow Through Share") of Canstar within the meaning of the Income Tax Act (Canada). The gross proceeds of the Offering less offering costs ("Escrowed Funds") are currently in escrow pending delivery of the Release Notice (as defined below) by the Company to Capital Transfer Agency Inc. ("Escrow Agent") on or before July 31, 2018. The Escrowed Funds shall be released from escrow by the Escrow Agent to the Company upon the satisfaction of the following conditions (together, the "Escrow Release Conditions"): (i) the execution of the definitive share exchange agreement among the Company, Adventus, Adventus Newfoundland Corporation, and Altius Resources Inc.; (ii) the execution of the definitive asset purchase agreement between the Company and Altius Resources Inc.; (iii) the completion or irrevocable waiver or satisfaction of all conditions precedent to the Transaction (as defined in Note 1); (iv) the receipt of all required shareholder, third party (as applicable) and regulatory approvals including, without limitation, the conditional approval of the TSX Venture Exchange ("TSX-V") for the Transaction and the Offering; and (v) the Company having delivered a Release Notice to the Escrow Agent confirming that the conditions set forth above have been met or waived (the "Release Notice").

In connection with the Offering, the Company paid finders a cash commission of $52,806 equal to 6% of the aggregate gross proceeds raised by finders. A total of 754,200 broker warrants (“Broker Warrants”) equal to 6% of subscription receipts raised was paid to finders. Each Broker Warrant will entitle the holder to purchase one Common Share at a price of $0.06 until the date which is twenty-four (24) months following the closing date of the Offering, whereupon the Broker Warrants will expire.

Project Option Agreement

On April 5, 2018, the Company entered into an option agreement (“Option Agreement”) with local prospectors (“Optionees”) to purchase 11 mineral claims covering 275 hectares near Red Indian Lake in the Province of Newfoundland and Labrador (“Exploits Project”).

In consideration for entering into the Option Agreement, the Company will pay the Optionees $10,000 in cash and issue to the Optionees the equivalent of $5,000 in Canstar common shares. Assuming the completion of subsequent payments totaling $30,000 to the Optionees in cash and the equivalent of $30,000 to be paid in common shares by the third anniversary of the entering into the Option Agreement, Canstar will own a 100% interest in the mineral claims subject to a 1% royalty interest retained by the Optionees. The securities issued to the Optionees will be subject to a four month and one day statutory hold period.

On May 14, 2018, TSX-V has accepted for filing documentation pertaining to the Option Agreement. The Option Agreement is subject to the satisfaction of certain other closing conditions customary in transactions of this nature.

9. SUBSEQUENT EVENTS AND PROPOSED TRANSACTIONS (CONTINUED)

Warrant Extension

The Company has applied to the TSX-V to extend by one year the term of the 3,040,200 common share purchase warrants ("2016 Warrants") issued pursuant to a private placement of its units completed on May 2, 2016, as described in more detail in the Company's news release dated May 2, 2016. When originally issued, the 2016 Warrants were exercisable into Canstar common shares at $0.175 per common share until May 2, 2018, subject to the option of the Corporation to accelerate the expiry of the 2016 Warrants upon giving a thirty days' written notice in the event of the trading price of the common shares on the TSX-V equalling or exceeding for 20 consecutive trading days $0.25 (the "Acceleration Option"). TSX-V has consented to the extension of the expiry date of the 2016 Warrants, and the 2016 Warrants are exercisable into Canstar common shares at $0.175 per Common Share until May 2, 2019, subject to the Acceleration Option.

Stock Options Expired

On May 1, 2018, 500,000 options expired unexercised.

Warrants Expired

On May 2, 2018, 128,146 warrants expired unexercised.

CANSTAR RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2018

INTRODUCTION

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim financial statements of Canstar Resources Inc. (the "Company" or "Canstar") for the three and nine months ended March 31, 2018, and the audited financial statements for the year ended June 30, 2017, and related notes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. This MD&A is made as of May 29, 2018.

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Company's website at www.canstarresources.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of inferred mineral resources; future prices of base and precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in base and precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

DESCRIPTION OF THE BUSINESS

The Company is a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in Canada. The shares of the Company began trading on the TSX Venture Exchange under the symbol "ROX" on April 8, 2005. The Company is a reporting issuer in the provinces of Ontario, Alberta and British Columbia.

The following table contains a brief description of the Company's core properties held in fiscal 2018, which are or were the primary focus of the Company's exploration initiatives. Further details with respect to the core properties are also provided in this document under the section entitled "Overall Performance".

Description of Core Property	Target Mineralization	Ownership Interest
The Mary March Property, comprised of 92 staked claims, 5 licenses, 1 lease and 2 patented lots, totaling 4,129 hectares, located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland.	Zinc-silver-lead-copper-gold	A 56% interest and right of first refusal on the remaining 44% interest held by Glencore plc, the Company's joint venture partner. (1). The Company is the operator.
The Mary March Extension Property (formerly the XMET Option Property) was acquired on April 7, 2009 and is comprised of 34 claims staked in two contiguous blocks. The property is located immediately west and north of the Mary March property and may cover the extension of the geological horizon hosting the Mary March base and precious metal mineralization.	Zinc-silver-lead copper-gold	The 34 claims acquired by staking on April 7, 2009 are 100% owned by the Company, and not part of the Glencore joint venture.
The Exploits Project was optioned on April 5, 2018 to purchase 11 mineral claims covering 275 hectares near Red Indian Lake in the Province of Newfoundland and Labrador. The Exploits Project, located approximately 5 km southwest of the Mary March Project, contains recently discovered massive sulphide boulders with geological similarities to the Duck Pond Deposit.	Zinc-silver-lead copper-gold	The Company entered into an option agreement with local prospectors to acquire a 100% interest in consideration for cash and share payments and a 1% net smelter return royalty.
The Slate Bay Property, comprised of 8 contiguous patented claims covering 128 hectares, located approximately 10 kilometres north of the town of Red Lake, Ontario, within the Red Lake greenstone belt.	Copper-gold-silver	A 75% earned interest in the property pursuant to an option and joint venture participation agreement entered into with Luxor Enterprises Inc. (Luxor) on February 4, 2002.

The Kenora Gold Project, made up of 31 mining claim blocks comprised of 283 units for an area of 6,182 hectares. The property is located 20 kilometres east of the Town of Kenora.	Gold	Pursuant to an option agreement dated March 2, 2014, the Company earned a 100% interest by making cash payments of $18,200 (paid in 2014 and 2015) and issuing 200,000 common shares (issued in 2016 and valued at $8,000).

Notes:

(1) The Company is required to make a cash payment of $2,000,000 within six months of commercial production. The Company's interest is also subject to a 1% NSR royalty due upon commencement of commercial production.

The Company also has a single non-core property, identified in the table below.

Description of Property	Target	Ownership Interest
The Miminiska Property, comprised of three contiguous, unpatented mineral claims totaling 44 claim units, located approximately 100 kilometres east of Pickle Lake, Ontario.	Gold	100% owned

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

OVERALL PERFORMANCE

The Company is currently engaged in mineral exploration in Canada. The Company's exploration activities are at an early stage and it has not yet been determined whether its properties contain recoverable ore. As a result, the Company has no current sources of revenue other than interest earned on cash, short-term investments and money market instruments, all of which were derived from issuances of share capital. There are no known deposits of minerals on any of the mineral exploration properties of the Company and any activities of the Company thereon will constitute exploratory searches for minerals.

Trends

- Although the economic crisis, which faced the financial sector in 2008 and 2009, has improved, the Company remains cautious in case the economic factors that have impacted the mining industry deteriorate even further.
- There are significant uncertainties regarding the prices of precious and base metals and other minerals and the limited availability of equity financing for the purposes of mineral exploration and development;
- The Company's future performance is largely tied to the outcome of future drilling results and the overall financial markets; and
- Current financial markets are likely to be volatile in Canada for the remainder of fiscal 2018, reflecting ongoing concerns about the stability of the global economy. As well, concern about global growth may lead to further drops in the commodity markets. Uncertainty in the credit markets has also led to increased difficulties in borrowing/raising funds. Companies worldwide have been negatively affected by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of base and precious metals exploration and development, particularly without excessively diluting the interest of current shareholders of the Company.

These trends may limit the Company's ability to discover and develop an economically viable mineral deposit.

The Mary March Property

The Company earned a 50% interest in the property. The Company has earned this 50% interest in the Mary March property by incurring $755,000 of property expenditures and issuing 100,000 common shares valued at $16,000 and 100,000 warrants valued at $8,600. The Company is also required to make a cash payment of $2,000,000 within six months of commercial production. The Company's interest is also subject to a 1% NSR royalty due upon commencement of commercial production. The remaining 50% interest in the property is held by Glencore, on which the Company maintains a right of first refusal. For exploration expenditures during 2013, 2014, 2015 and 2016, Glencore was subject to a voluntary reduction due to non-participation of these exploration programs. Canstar now holds a 56% interest in the joint venture and Glencore holds a 44% interest.

The Mary March Property is comprised of 92 staked claims, 5 licenses, 1 lease and 2 patented lots totaling 4,129 hectares and is located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland. High grade Cu-Pb-Zn-Ag-Au massive sulphides of economic significance were discovered on the Mary March Property by Phelps in 1999, but the core discovery areas of the property had been dormant since August 2000.

The Company resumed exploration on the property in 2012, completing a 2,320 meter drilling program, where semi-massive and massive sulphides were intersected in four holes MM-12-21, MM-12-23, MM-13-27, and MM-13-28. These results were followed up in Fall of 2013 by completing a 1,146 meter drilling program, where additional massive sulphides and stockwork mineralization was encountered in all three completed drillholes. The Company also completed a five-hole diamond drilling program during the summer of 2014 testing both the Mary March and Nancy April zones Results of the program are encouraging, indicating further along-strike potential of Mary March and a thickening of the Nancy April system. The 2014 drill program represents the last drilling to be undertaken on the property and is described in more detail, by zone, in the following section:

Mary March Zone

As part of the Company's exploration program, a number of targets were identified using geophysics. These targets were drill tested in August-September of 2014 with the extension of MM13-30 and a new hole, MM14-32. Highlights include:

- Borehole MM14-32 intercepted 11.5 meters 1.2% zinc, 0.2% lead, 1.8 g/t silver, 0.2 g/t gold from 431.5 to 443 meters
  - Including an interval of 3.6 meters grading 2.7% zinc, 0.1% copper, 2.4 g/t silver and 0.1 g/t gold nested in the above intercept from 435.9 to 439.5 meters.

The results of this drilling is tabulated below:

BHID	From	To	Length	Zn%	Cu%	Pb%	Ag ppm	Au ppm
MM14-32	399.68	407	7.32	0.21	0.06	0.01	1.4	0.05
including...	399.68	402	2.32	0.33	0.05	0.02	1.35	0.07
MM14-32	410.39	416.19	5.8	0.43	0.08	0.02	3.45	0.13
including...	411.64	414.47	2.83	0.54	0.14	0.02	5.08	0.17
MM14-32	431.5	443	11.5	1.18	0.16	0.04	1.77	0.12
including...	434.5	441.1	6.6	1.84	0.13	0.06	1.88	0.09
including...	435.9	439.47	3.57	2.73	0.03	0.1	2.39	0.11

Nancy April Zone

A key development to the drilling results reports in Q2 2014 was the confirmation of the existence of a continuous stockwork zone formed by hydrothermal processes that are conducive to the development of volcanogenic massive sulphide ("VMS") deposits. The Company conducted a geophysical survey in the summer of 2014 to follow up on these results. An induced polarization ("IP") survey was conducted to ascertain whether the stockwork zone manifests a chargeable geophysical response, and how this response might continue spatially. The results of this survey outlined a number of chargeable anomalies including a linear coincident with known stockwork mineralization. Figure 2 shows the chargeability map over the Nancy April area.

The Company tested several of these targets in September 2014 with a 4-hole drilling program with an additional extension of an existing hole drilled in 2013, totaling 1,724 meters. Three of the four holes intersected mineralization. Highlights include:

- Borehole MM14-33 intersected 5.33 meters 1.2% copper , 0.2% zinc, 4.9 g/t silver, 0.4 g/t gold from 66.5 to 71.8 meters
  - Including an interval of 2.3 meters grading 2.5% copper, 0.1% zinc, 8.6 g/t silver and 0.7 g/t gold nested in the above intercept from 69.5 to 71.8 meters.
- Borehole MM14-33 returned 93.7 meters of 1.0% zinc, 0.2% lead, and 2.9 g/t silver in stockwork sulphides
  - Including an interval of 10.2 meters of 3.4% zinc, 0.1% copper, 7.1 g/t silver and 0.3 g/t gold

In addition to MM14-32, diamond drill hole MM13-30 (see News Release dated January 21, 2014) was extended as part of this program in order to test a geophysical anomaly that was identified near the end of this hole. The extended hole encountered significant pyrite mineralization, however, assays did not return any significant results.

The remaining 3 holes reported were designed to test an extensive IP anomaly that is coincident with the Nancy April Horizon. The Nancy April deposit lies approximately 500 meters west of the Mary March deposit and was discovered in 1999 by Phelps. Phelps' discovery hole intersected 6.8 meters of 1.5% zinc, 0.8% copper and 0.6% lead. Geochemical work and re-logging on historic drill core completed by the Company in summer of 2013 noted strong alteration with minor mineralization downhole of Nancy April intersect and it was hypothesized that a footwall zone to a larger system may be present in the area. Drilling in Fall 2013 confirmed these results. The latest results are tabulated below:

BHID	From	To	Length	Zn%	Cu%	Pb%	Ag ppm	Au ppm
MM14-33	66.46	71.79	5.33	1.21	0.03	0.15	4.85	0.35
including...	69.54	71.79	2.25	2.49	0.03	0.1	8.64	0.72
MM14-33	128.66	129.58	0.92	0.03	2.09	1.8	19.96	0.46
MM14-33	200.88	294.54	93.67	0.05	0.15	1	2.92	0.03
including...	237	247.17	10.17	0.12	0.01	3.36	7.13	0.03
MM14-34	383.58	390.89	7.31	0.05	0.17	0.28	8.8	0.08
MM14-35	61.4	68.39	6.99	0.08	0.02	0.05	10.07	0.23

Kenora Property

The Kenora Gold Project represents four separate properties made up of 283 units for an area of 6,182 hectares. The properties are situated in the Wabigoon sub-province and located approximately 20 km east of the Town of Kenora.

Results of the August 2016 mapping and geophysical induced polarization (“IP”) program confirms that several of these anomalies are associated with gold showings including the chief prospect on the Aviator trend known as the Ace Showing. The drill program will focus on further testing the efficacy of the IP results as a benchmark for future exploration on the project, as well as test some of the key zones identified though mapping and prospecting.

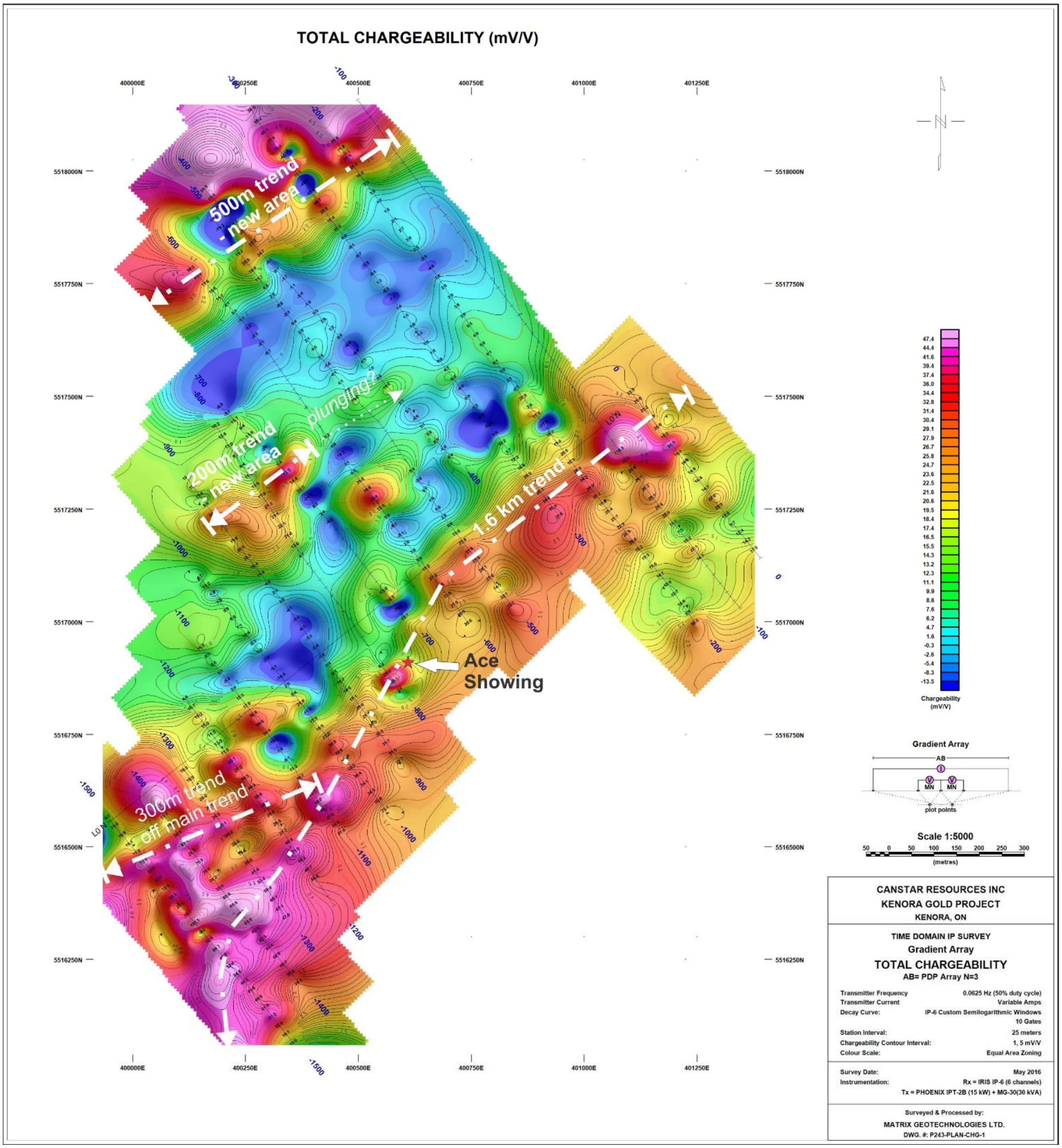


Figure 3. Colour contoured chargeability map for induced polarization survey showing observed trends

The Ace Showing on the Aviator trend has been trenched as has the Westin Showing on the Westin Trend. Both areas returned significant results and confirmed the presence of extensive and high-grade gold mineralized systems, including a 29.3 metre section (true width) averaging 3.1 g/t at surface over the Ace showing and two samples returning greater than 10 g/t gold on the Westin trend. Results from the Ace Showing followed up on the discovery of an 18.3 metre channel sample discovered in 2015 (see news release dated December 3, 2015). At the time, the length of this sample was limited by a lack of outcrop exposure. The latest trenching has allowed for greater exposure, and the Company has extended this channel to either side and are hoping these widths can be duplicated or extended with future exploration.

In January and February of 2016 the Company completed a 1,062-metre diamond drilling program testing a number of induced polarization and geological targets on the property. This first phase of drilling focused on targets located in proximal strike distance to the Ace Showing, along the structural trend identified as containing gold mineralization. A number of notable results from this program include:

- 0.5 g/t gold over 22.0 metres in KG-17-08 located 146 metres northeast of the Company's Ace Showing, including 1.0 g/t gold over 3.0 metres;
- 11.0 metres of 0.3 g/t gold from 109 to 120 metres (KG-17-01)
- 3.2 metres of 0.3 g/t gold from 74 to 77.2 metres (KG-17-01). The depth-to-top of these zones are 77 metres for the deeper zone and 63 metres for the shallower zone.

The depth-to-top of these zones are 77 metres for the deeper zone and 63 metres for the shallower zone. The deeper of the two zones does not occur directly under the vertically dipping Ace Showing but rather 20 metres to the east of the showing. This may suggest the mineralization is dipping eastward and oblique to the stratigraphy or may represent an entirely new zone.

Over the summer of 2017 the Company completed a second phase of drilling. The program comprised of 11 drillholes testing geological targets as well as geophysical targets. Geological targets were derived through a series of trenching programs completed over the Spring of 2017. Geophysical targets were prioritized from the existing IP survey described above. A total of 1,526 meters was drilled all along the Company's Aviator trend, which is a structural zone that is associated with the existing gold showings on the property. Highlights of the drill results include:

- 1.1 g/t gold over 11.2 meters in hole KG17-11 within a greater zone 14.7 meters 0.9 g/t gold
- 0.9 g/t gold over 4.5 meters in hole KG17-15

KG 17-11 was testing the newly discovered zone at depth, where it intercepted the 11.2 meter zone of 1.1 g/t within a 14.7 meter zone of 0.9 g/t gold, all of which occurs in low grade envelope of 0.6 g/t over 24.3 meters. KG17-15, which drilled 0.9 g/t over 4.5 meters, was drilled over the Ace Showing and represents the best results from the Ace Showing.

Drillholes testing the IP targets were successful in explaining the IP anomalies, which were represented by sulphide-bearing sedimentary rocks in the area. Although extensive, the mineralization returned only anomalous gold values. Key results are tabulated below:

Hole ID	From	To	Length	Au (g/t)	Host Rock	Target
KG17-09	40.5	42.1	1.6	0.7	Dio	W17
KG17-10	74.9	75.4	0.5	1.1	Dio	W17
KG17-11	61.3	64.5	3.2	0.6	Dio	W17
also:	72.0	95.2	23.2	0.5	Dio	W17
including…	80.4	95.2	14.7	0.9	Dio	W17
also including….	84.0	95.2	11.2	1.1	Dio	W17
KG17-12	2.3	10.5	8.2	0.6	Mvol	Ace
also:	53.8	54.0	0.2	1.1	Mtsd	Ace
KG17-13	51.0	52.4	1.5	0.6	Mvol	Ace
KG17-14	24.4	25.2	0.8	0.9	Qz-vn	Ace
also:	35.1	35.6	0.5	1.6	Qz-vn	Ace
KG17-15	7.0	11.5	4.5	0.9	Mvol	Ace
also:	137.6	139.0	1.4	1.3	Dio (dike)	Ace
KG17-16	9.8	10.0	0.3	10.4	Qz-vn	Ace
also:	15.5	15.9	0.4	14	Qz-vn	Ace

*Dio = diorite/quartz diorite; Mvol = mafic volcanics; Mtsd = metasediments; Qz-vn = quartz vein

Geologically, a notable feature is found within these results. The highlighted intercept of 1.1 g/t over 11.2 meters occurs downdip of the new zone discovered from the Winter 2017 drilling and represents and increase in grade at depth. Most interestingly this mineralization is associated with a quartz-diorite dike that has intruded the volcano-sedimentary package that runs parallel to the Aviator Trend. This was noted in the Winter 2017 drilling, and provided a geological target for this most recent round of drilling. This dike can be traced for several kilometers along the property. Results from the Ace, to date, indicate that the mineralization is typically near-surface.

The Kenora Gold Project represents an area of historic mining during the 19th and early 20th century, and has seen little exploration since that time. During its time of production, the area accounted for 55% of gold production in Ontario. Geologically the properties occur near the boundary of the English River and Wabigoon subprovinces. Gold occurrences on the Project are typically high-grade and associated with regionally extensive shear zones, as well as dilational breccias. Historic production in the area reports gold values ranging from 56 g/t to 186 g/t. Very little modern exploration has been conducted on the project and Management feels there is strong potential for the area to host numerous, significant deposits. Many of the reported occurrences occur along the same structure, demonstrating potential mineralization over several kilometres. In December 2016 the Company announced it would engage in a drilling program to be completed in Winter of 2017.

Canstar earned a 100% interest in the Kenora Project by making cash payments totalling $18,200 over a two-year term (paid in 2014 and 2015), and issuing 200,000 common shares upon the second anniversary (issued in 2016). The Optionors will maintain a 3% net smelter royalty ('NSR'), subject to a buy-back right of $1,000,000 for the first 1.5% and $3,000,000 for the remaining 1.5%, which would reduce the NSR to 0%. The agreement was subject to regulatory approval.

The Slate Bay Property

The Slate Bay property is comprised of 8 contiguous, patented claims covering 128 hectares and located about 10 kilometres north of the town of Red Lake, Ontario, within the productive Red Lake greenstone belt. In November 2005, the Company met all of the expenditure requirements to earn its 75% interest in the property and advised Luxor that it wished to establish a joint venture to further explore and develop the property. Under the terms of the agreement, the Company will act as manager of the joint venture.

In 2001 the Company completed detailed ground magnetic and IP surveys over the property and a 5-hole drill program testing a number of IP anomalies. The first hole intersected a 69.33 metre interval of Cu-Au-Ag mineralized breccia. Additional IP surveying in 2003 identified the faulted extension of the chargeability anomaly related to the mineralized zone and extended its total length to 1,000 metres. On September 20, 2005, a program of follow-up drilling consisting of four holes totaling 641 metres intersected a large copper-gold-silver mineralized skarn system, which is believed to have potential for continuity both laterally and to depth, with grades running to a high of 7.2 g/t gold, 5.81% copper and 183 g/t silver over narrow intervals within considerably longer sections of lower grade material.

In September 2008, the Company completed a further six holes on the property testing the skarn system at depth and along strike. The mineralized zone was intersected at an additional 50 metres depth and 100m along strike to the northeast of previous drilling. Analytical results confirm that the mineralization extends to depth and along strike, and is similar to previous results. $214,971 in expenditures was written down on the property during the year ended June 30, 2009. The Slate Bay property is currently being reviewed, and the Company is open to potential joint venture or option.

The Exploits Project

On April 5, 2018, the Company entered into an option agreement (“Option Agreement”) with local prospectors (“Optionees”) to purchase 11 mineral claims covering 275 hectares near Red Indian Lake in the Province of Newfoundland and Labrador (“Exploits Project”). The Exploits Project, located approximately 5 km southwest of the Mary March Project, contains recently discovered massive sulphide boulders with geological similarities to the Duck Pond Deposit.

In consideration for entering into the Option Agreement, the Company will pay the Optionees $10,000 in cash and issue to the Optionees the equivalent of $5,000 in common shares. Assuming the completion of subsequent payments totaling $30,000 to the Optionees in cash and the equivalent of $30,000 to be paid in common shares by the third anniversary of the entering into the Option Agreement, Canstar will own a 100% interest in the mineral claims subject to a 1% royalty interest retained by the Optionees. The securities issued to the Optionees will be subject to a four month and one day statutory hold period. The Option Agreement is subject to the receipt of applicable regulatory approvals by Canstar being received on or before April 25, 2018 and the satisfaction of certain other closing conditions customary in transactions of this nature.

	Mary March Property $	Kenora Property $	Slate Bay Property $	Total $
PROPERTY ACQUISITION COSTS				
Balance, June 30, 2017 and March 31, 2018	$ 65,884	$ 26,200	$ -	$ 92,084
DEFERRED EXPLORATION COSTS				
Balance, June 30, 2017	1,993,754	883,056	-	2,876,810
Access	2,200	3,576	16,059	21,835
Administrative	-	78	-	78
Assaying	-	40,165	-	40,165
Drilling	-	208,758	-	208,758
Field supplies	-	36,098	-	36,098
Geological consulting	-	29,700	-	29,700
Geophysics and exploration	7,700	-	-	7,700
Labour and supervision	-	33,333	-	33,333
Travel	-	30,106	-	30,106
Written down during the period	-	-	(16,059)	(16,059)
Balance, March 31, 2018	2,003,654	1,264,870	-	3,268,524
Total, March 31, 2018	**$ 2,069,538**	**$1,291,070**	**$ -**	**$ 3,360,608**

	Mary March Property $	Kenora Property $	Total $
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2016 and March 31, 2017	$ 65,884	$ 26,200	$ 92,084
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2016	1,987,090	494,052	2,481,142
Access	294	11,241	11,535
Assaying	-	2,032	2,032
Drilling	-	64,181	64,181
Field supplies	70	23,896	23,966
Geological consulting		57,800	57,800
Geophysics and exploration	6,300	5,893	12,193
Labour and supervision	-	70,073	70,073
Travel	-	31,338	31,338
Balance, March 31, 2017	1,993,754	760,506	2,754,260
Total, March 31, 2017	**$ 2,059,638**	**$ 786,706**	**$ 2,846,344**

SELECTED ANNUAL FINANCIAL INFORMATION

Fiscal Year	2017	2016	2015
Operating expenses	$477,304	$271,928	$278,735
Loss from operations	477,304	271,928	278,735
Net loss for the year	475,275	241,811	272,005
Loss per share – basic and diluted	0.00	0.00	0.00
Total assets	3,719,600	2,928,772	2,595,647
Total liabilities	153,584	95,313	84,006

RESULTS OF OPERATIONS

Three months ended March 31, 2018, compared to three months ended March 31, 2017

Total operating expenses were $56,579 for the three months ended March 31, 2018, compared to $319,694 in the comparative period in 2017, a decrease of $263,115. The change was mainly due to a decrease in share-based payments of $203,450 and a decrease in transfer agent and filing fees of $56,894. The higher transfer agent and filing fees during the period ended March 31, 2017 were a result of the share consolidation and deconsolidation that occurred at that time. During the three months ended March 31, 2018, the Company incurred costs related to its Slate Bay Project in the amount of $16,059 which it charged to operations.

Nine months ended March 31, 2018 compared to March 31, 2017

Total operating expenses were $174,473 for the nine months ended March 31, 2018, compared to $447,049 in the comparative period in 2017. The decrease was mainly due to a reduction of $203,450 in share-based payments in the nine months ended March 31, 2018, compared to the comparative period in 2017. During the nine months ended March 31, 2018, the Company incurred costs related to its Slate Bay Project in the amount of $16,059 which it charged to operations.

SUMMARY OF QUARTERLY RESULTS [(1)]

The following table sets out selected quarterly results of the Company for the eight quarters prior to the effective date of this report. The information contained herein is drawn from the audited annual financial statements and unaudited interim financial statements of the Company.

Calendar Year	2018	2017	2017	2017
Quarter	March 31,	December 31,	September	June 30,
Revenue	$nil	$nil	$nil	$nil
Working capital	27,257	113,058	262,054	595,956
Interest in exploration properties and deferred exploration and evaluation expenditures	3,360,608	3,337,893	3,251,563	2,968,894
Expenses	56,579	64,103	53,791	30,255
Net loss	72,544	62,725	53,791	28,226
Net loss per share (1)	0.00	0.00	0.00	0.00

Calendar Year	2017	2016	2016	2016
Quarter	March 31,	December 31,	September	June 30,
Revenue	$nil	$nil	$nil	$nil
Working capital	745,467	1,011,273	1,186,128	258,776
Interest in exploration properties and deferred exploration and evaluation expenditures	2,846,344	2,684,672	2,609,323	2,573,226
Expenses	319,694	65,581	61,774	48,620
Net loss	319,694	65,581	61,774	48,620
Net loss per share (1)	0.00	0.00	0.00	0.00

Notes:

(1) Net loss per share on a diluted basis is the same as basic net loss per share as all factors which were considered in the calculation are anti-dilutive.

RELATED PARTY TRANSACTIONS

During the three and nine months ended March 31, 2018, the Company incurred $nil and $8,683, respectively (three and nine months ended March 31, 2017 - $5,210 and $15,629, respectively), for rent charged by a corporation of which the Chairman of the Board and the President are directors of the Company.

The remuneration of directors and key management during the three and nine months ended March 31, 2018 and 2017 were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2018 ($)	2017 ($)	2018 ($)	2017 ($)
Short-term benefits (i)	-	26,765	33,538	106,942
Share-based payments	-	193,500	-	193,500
	-	220,265	33,538	300,442

(i) During the three and nine months ended March 31, 2018, $nil and $33,333, respectively (three and nine months ended March 31, 2017 - $20,073 and $70,073, respectively), of short-term benefits was capitalized as deferred exploration expenditures and $nil and $205, respectively (three and nine months ended March 31, 2017 - $6,691 and $36,868, respectively), was included in management fees.

During the three and nine months ended March 31, 2018, the Company incurred $nil (three and nine months ended March 31, 2017 - $2,890 and $27,038, respectively) for professional fees charged by Peterson McVicar LLP (formerly Peterson & Company LLP), a law firm of which a director is a partner. Of this amount, $nil (nine month period ended March 31, 2017 - $8,508) has been included in share issue costs.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive or non-executive) of the Company.

As at March 31, 2018, the directors of the Company together control 6,357,849 common shares or approximately 6.18% of the total common shares outstanding. To the knowledge of directors and officers of Canstar, the remainder of the Company's outstanding common shares are widely held.

LIQUIDITY

As at March 31, 2018, the Company had working capital of $27,257 compared to a working capital of $595,956 at June 30, 2017. The Company has no revenue from operations and is dependent on financings for working capital.

The Company's operating costs will increase during the remainder of fiscal 2018 as a result of increased costs related to the transaction described under "Proposed Transactions" in this document. Exploration costs will depend on the exploration program budget as approved by the directors.

WORKING CAPITAL RESOURCES

Additional financings will be required to fund future exploration and for working capital purposes.

Most of the Company's requirements for capital to maintain its ownership level in its properties, as well as pay for exploration expenditures and administrative expenses, have been met through the completion of private placements and the exercise of stock options and warrants. Typically, these monies have come from institutional and high net worth investors and the amounts raised have been a function of the level of market interest in the junior resource industry as well as the general level of interest in the equity and mineral commodity markets. The Company will have to rely on further equity financings in order to maintain an adequate liquidity base with which to support its general operations and exploration and development mandate.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer other mining companies the opportunity to acquire interests in any of its properties in return for funding by such companies of all or part of the exploration and development of such properties. For the funding of any property acquisitions or exploration conducted by the Company, the Company depends on the issue of shares from treasury to investors. Such financing will depend, in turn, on various factors such as a positive mineral exploration climate, positive stock market conditions, the Company's track record, and the experience of management. If such financing is unavailable for any reason, the Company may become unable to retain its mineral interests and carry out its business plan.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As more fully outlined in the February 21, 2018, press release, the Company, Adventus Zinc Corporation ("Adventus") (TSX-V: ADZN) and Altius Minerals Limited ("Altius") (TSX: ALS) have entered into a three-way definitive agreement (the "Transaction") dated February 20, 2018 whereby the Company will acquire the Newfoundland base metal exploration assets of Adventus and the Daniel's Harbour Zinc Project from Altius in exchange for: (i) the issuance of common shares of the Company to Adventus and Altius; and (ii) a funding commitment from Altius of $500,000 as part of a $750,000 private placement. The financing will consist of the sale of 4,166,667 common shares issued at $0.06 per share on a hard dollar basis for gross proceeds of $250,000, and 6,250,000 common shares issued on a flow-through basis at $0.08 per share for gross proceeds of $500,000. Altius is subscribing for the flow-through shares for a total investment of $500,000 and will have pro-rata equity participation rights going forward. Altius will also receive a right of first refusal on any future royalty and/or streaming financing related to the Mary March property.

Under the Transaction, the Company will issue 86.7 million shares to Adventus for its portfolio of assets and Altius will receive 12.1 million shares for its Daniel's Harbour Zinc Project. Upon closing, including completion of the private placement, the current shareholders of the Company will own approximately 49% of the consolidated company, while Adventus and Altius will own approximately 40% and 9%, respectively, and other investors in the private placement will own 2%. Following completion of the Transaction, the Company will use commercially reasonable efforts to complete a minimum $2,000,000 flow-through private placement financing.

Upon completion of the Transaction, the Board of Directors of the Company will initially be comprised of four members, with three members appointed by the Company and one member appointed by Adventus (and Adventus retaining the right to appoint a second member at a later date).

The Transaction will be subject to TSX Venture Exchange approval for both the Company and Adventus. The Company is arm's length to both Adventus and Altius. Adventus and Altius are "non-arm's length parties" as Altius is an "insider" of Adventus as such term is defined under securities laws. The Company will require shareholder approval pursuant to the policies of the TSX Venture Exchange as Adventus will become a "control person" of the Company on closing. The Transaction is also subject to satisfaction of certain other closing conditions customary in transactions of this nature. Directors and officers of the Company, representing 6.2% of the Company's common shares, have entered into voting support agreements with Adventus and Altius, pursuant to which they will vote their common shares in favour of the Transaction. It is also anticipated, assuming the Transaction is approved, that the Company will complete a 5 for 1 share consolidation and all shares will be issued on a post-consolidated basis. As a result, upon completion of the Transaction, there will be issued and outstanding approximately 212,025,189 shares on a pre-consolidation basis and 42,405,038 shares on a post-consolidation basis. The effective price of the private placement will be $0.30 per hard dollar common share and $0.40 per flow-through common share.

The Transaction will allow the Company to consolidate the majority of the Buchans Camp and adds three high quality Newfoundland zinc exploration projects to the Company's portfolio. Upon closing of the Transaction, the Company's Newfoundland exploration team will initiate a comprehensive 2018 exploration program focused on the Buchans Camp, with a minimum 3,000m of diamond drilling campaign anticipated in 2018 to be completed in phases.

Full details of the Transaction will be included in the management information circular of the Company to be mailed to its shareholders and posted on www.sedar.com. It is anticipated that the meeting of the Company's shareholders and the closing will take place by July 2018.

In connection with the Transaction, the Company completed a non-brokered private placement for aggregate gross proceeds of $1,500,021 ("Offering") on April 17, 2018. The Offering consisted of the sale of 8,333,699 common share subscription receipts ("Common Share Receipts") at a price of $0.06 per Common Share Receipt and 12,500,000 flow through subscription receipts ("Flow Through Receipts") at a price of $0.08 per Flow Through Receipt (together, the "Subscription Receipts"). Altius Resources Inc., a wholly-owned subsidiary of Altius, has purchased 6,250,000 Flow Through Receipts for the amount of $500,000.

Upon satisfaction of the Escrow Release Conditions (as defined below), each Common Share Receipt shall be exchangeable for one common share ("Common Share") of Canstar. Each Flow Through Receipt shall be exchangeable for one flow through share ("Flow Through Share") of Canstar within the meaning of the Income Tax Act (Canada). The gross proceeds of the Offering less offering costs ("Escrowed Funds") are currently in escrow pending delivery of the Release Notice (as defined below) by the Company to Capital Transfer Agency Inc. ("Escrow Agent") on or before July 31, 2018. The Escrowed Funds shall be released from escrow by the Escrow Agent to the Company upon the satisfaction of the following conditions (together, the "Escrow Release Conditions"): (i) the execution of the definitive share exchange agreement among the Company, Adventus, Adventus Newfoundland Corporation, and Altius Resources Inc.; (ii) the execution of the definitive asset purchase agreement between the Company and Altius Resources Inc.; (iii) the completion or irrevocable waiver or satisfaction of all conditions precedent to the Transaction (as defined in Note 1); (iv) the receipt of all required shareholder, third party (as applicable) and regulatory approvals including, without limitation, the conditional approval of the TSX Venture Exchange ("TSX-V") for the Transaction and the Offering; and (v) the Company having delivered a Release Notice to the Escrow Agent confirming that the conditions set forth above have been met or waived (the "Release Notice").

In connection with the Offering, the Company paid finders a cash commission of $52,806 equal to 6% of the aggregate gross proceeds raised by finders. A total of 754,200 broker warrants (“Broker Warrants”) equal to 6% of subscription receipts raised was paid to finders. Each Broker Warrant will entitle the holder to purchase one Common Share at a price of $0.06 until the date which is twenty-four (24) months following the closing date of the Offering, whereupon the Broker Warrants will expire.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Company’s estimate of the recoverable value of its mineral properties and related deferred exploration and evaluation expenditures, as well as the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing for exercise of options is out of the Company’s control and will depend on a variety of factors, including the market value of the Company’s shares and financial objectives of the share-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes option pricing model. However, the future volatility is uncertain and the model has its limitations.

The Company’s recoverability of the recorded value of its mineral properties and associated deferred exploration and evaluation expenses is based on current market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

FUTURE ACCOUNTING CHANGES

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for its annual periods beginning on or after July 1, 2018. These include:

IFRS 9 – *Financial Instruments* (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 3. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

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

FINANCIAL INSTRUMENTS

The Company’s activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, foreign exchange rate and price risk) and credit risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable and prepaid expenses is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Company had a cash and cash equivalents balance of $102,007 (June 30, 2017 - $718,075) to settle current liabilities of $87,072 (June 30, 2017 - $153,584). The Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing. Management continues to pursue various financing initiatives in order to provide sufficient cash flow to finance operations as well as to fund its exploration expenditures. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company has cash, cash equivalents and short-term investment balances subject to interest. Management does not believe the Company is exposed to significant interest rate risk.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign exchange risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over the next twelve-month period:

Cash, cash equivalents and short-term investments are invested with a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. Sensitivity to a plus or minus 1% change in rates, based on the balance of cash and cash equivalents at March 31, 2018, would affect the net loss by plus or minus $1,020 during a twelve-month period.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which is comprised of capital stock, share purchase warrants, broker compensation warrants, contributed surplus and deficit.

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so. Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
(ii) minimizing discretionary disbursements;
(iii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iv) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not subject to any capital requirements imposed by a regulator or lending institution body other than of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. The Company expects that its current capital resources are sufficient to discharge its liabilities as at March 31, 2018. The Company will, in all likelihood, raise capital by public or private placements in fiscal 2018 for any future exploration and working capital purposes.

SHARE CAPITAL

The Company issued 50,000 common shares during the nine month period ended March 31, 2018, upon exercise of stock options.

Pursuant to a resolution approved at the 2012 AGM and approved by the TSX, the Company's stock option plan limit is a maximum issuance of 15,000,000 shares.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options Granted	Exercisable Options	Exercise Price	Expiry Date
#	#	$	
500,000	500,000	0.10	May 1, 2018
100,000	100,000	0.10	July 17, 2018
2,400,000	2,400,000	0.05	December 11, 2019
2,437,500	2,437,500	0.11	January 3, 2022
200,000	200,000	0.05	January 12, 2023
5,637,500	5,637,500		

The weighted average exercise price of exercisable options as at March 31, 2018, was $0.08. 500,000 options expired unexercised on May 1, 2018.

On August 2, 2016, the Company completed a non-brokered private placement financing of 10,437,950 units at $0.10 per unit for gross proceeds of $1,043,795. Each unit consists of one common share and one-half of one common share purchase warrant.

Each warrant entitled the holder to purchase one common share of the Company until December 31, 2017, at a price of $0.15. The grant date fair value of the warrants was estimated to be $233,402. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 127%, risk-free interest rate of 0.55%, and expected life of 1.4 years.

Finders fees of $58,952 were paid including 265,000 finders' warrants issued, valued at $18,840. The finders' warrants are exercisable into units having the same terms as the private placement.

During the nine month period ended March 31, 2018, 11,465,108 warrants expired unexercised.

Warrants outstanding for the Company at the date of this MD&A were as follows:

Number of Warrants	Exercise Price	Expiry Date
#	$	
3,040,200	0.175	May 2, 2018
128,146	0.175	May 2, 2018
3,168,346	0.175	

The Company has applied to the TSX-V to extend by one year the term of the 3,040,200 common share purchase warrants issued pursuant to a private placement of its units completed on May 2, 2016, as described in more detail in the Company's news release dated May 2, 2016. When originally issued, the warrants were exercisable into common shares at $0.175 per common share until May 2, 2018, subject to the option of the Company to accelerate the expiry of the warrants upon giving a thirty days' written notice in the event of the trading price of the common shares on the TSX-V equalling or exceeding for 20 consecutive trading days $0.25 (the "Acceleration Option"). Subject to final approval of the TSX-V, the warrants will be exercisable into common shares at $0.175 per common share until May 2, 2019, subject to the Acceleration Option. The remaining 128,146 warrants expired unexercised on May 2, 2018.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

- *Risk of Completion of Proposed Transaction and Loss of Funding*

There can be no assurance that the transaction with Adventus and Altius can be completed on the terms as agreed or at all, or that such transaction will be successful if it is completed (see "Proposed Transactions"). If the proposed transaction is not completed, the funds raised pursuant to the Offering completed on April 17, 2018 will be returned to investors and the Company will require further funding to carry on its business..

- *Exploration Stage Company and Exploration Risks*

The Company is a junior resource company focused primarily on the acquisition and exploration of mineral properties located in Canada. The properties of the Company have no established reserves. There is no assurance that any of the projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves that are sufficient to commercially mine some of the Company's properties and to construct and install complete mining and processing facilities on those properties that are actually mined and developed.

- *No History of Profitability*

The Company is a development stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

- *Government Regulations*

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. In order for the Company to carry out its mining activities, its exploitation must be kept current. There is no guarantee that the Company's exploitation will be extended or that new exploitation will be granted. In addition, such exploitation could be changed and there can be no assurances that any application to renew any existing exploitation will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

- *Market Fluctuation and Commercial Quantities*

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company’s control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

- *Mining Risks and Insurance*

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator if its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

- *Environmental Protection*

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

- *Capital Investment*

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be. Should the Company not be able to obtain such financing, its properties may be lost entirely.

- *Conflicts of Interest*

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matters in which they may have a conflict of interest.

- *Current Global Financial Conditions*

Current global financial conditions have been characterized by increased volatility, declining liquidity and the exit of a number of traditional investors from public markets. Access to public financing has been made more challenging by a global contraction of commercial and consumer credit markets. The ensuing decline in consumption has led to a marked erosion of investor confidence and risk tolerance. A major consequence/contributor to these factors may be seen in the unparalleled number of established financial institutions facing involuntary corporate reorganization, insolvency, bankruptcy and/or governmental intervention. While the most sensational of the corporate casualties have occurred in the United States, the global nature of today's economic reality has left no interrelated public market unscathed. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favorable to the Company or at all. Any or all of these economic factors, as well as other factors not specifically identified herein, may cause a decline in asset values that could be deemed to be other than temporary, resulting in impairment losses. If such conditions continue, the Company's operations could be negatively impacted, and the trading price of its common shares may be adversely affected.

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of 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 is made, as of the date of and for the periods presented by the audited annual financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the years presented.

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), the 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 the 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 52-1 09 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT MAY 29, 2018)

The Company's authorized capital consists of an unlimited number of common shares without par value, of which 102,808,522 are issued and outstanding as of the date of this MD&A. On a fully diluted basis the Company has 132,574,121 common shares outstanding assuming the exercise of 5,137,500 outstanding stock options, 3,040,200 warrants, 754,200 broker warrants and the conversion of 20,833,699 subscription receipts.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in the Management Discussion and Analysis. A copy of this report will be provided to anyone who requests it.

OTHER MATTERS

Additional information relating to the Company can be found on SEDAR at www.sedar.com and the Company's website at www.canstarresources.com.

CANSTAR RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2017

INTRODUCTION

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the annual financial statements of Canstar Resources Inc. (the "Company" or "Canstar") for the year ended June 30, 2017, and the annual financial statements for the year ended June 30, 2016 and related notes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. This MD&A is made as of October 13, 2017.

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Company's website at www.canstarresources.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of inferred mineral resources; future prices of base and precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in base and precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

DESCRIPTION OF THE BUSINESS

The Company is a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in Canada. The shares of the Company began trading on the TSX Venture Exchange under the symbol "ROX" on April 8, 2005. The Company is a reporting issuer in the provinces of Ontario, Alberta and British Columbia.

The following table contains a brief description of the Company's core properties held in fiscal 2017, which are or were the primary focus of the Company's exploration initiatives. Further details with respect to the core properties are also provided in this document under the section entitled "Overall Performance".

Description of Core Property	Target Mineralization	Ownership Interest
The Mary March Property, comprised of 92 staked claims, 5 licenses, 1 lease and 2 patented lots, totaling 4,129 hectares, located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland.	Zinc-silver-lead-copper-gold	A 56% interest and right of first refusal on the remaining 44% interest held by Glencore plc, the Company's joint venture partner. (1). The Company is the operator.
The Mary March Extension Property (formerly the XMET Option Property) was acquired on April 7, 2009 and is comprised of 34 claims staked in two contiguous blocks. The property is located immediately west and north of the Mary March property and may cover the extension of the geological horizon hosting the Mary March base and precious metal mineralization.	Zinc-silver-lead copper-gold	The 34 claims acquired by staking on April 7, 2009 are 100% owned by the Company, and not part of the Glencore joint venture.
The Slate Bay Property, comprised of 8 contiguous patented claims covering 128 hectares, located approximately 10 kilometres north of the town of Red Lake, Ontario, within the Red Lake greenstone belt.	Copper-gold-silver	A 75% earned interest in the property pursuant to an option and joint venture participation agreement entered into with Luxor Enterprises Inc. (Luxor) on February 4, 2002.
The Kenora Gold Project, made up of 31 mining claim blocks comprised of 283 units for an area of 6,182 hectares. The property is located 20 kilometres east of the Town of Kenora.	Gold	Pursuant to an option agreement dated March 2, 2014, the Company earned a 100% interest by making cash payments of $18,200 (paid in 2014 and 2015) and issuing 200,000 common shares (issued in 2016 and valued at $8,000).

Notes:

(1) The Company is required to make a cash payment of $2,000,000 within six months of commercial production. The Company's interest is also subject to a 1% NSR royalty due upon commencement of commercial production.

The Company also has a single non-core property, identified in the table below.

Description of Property	Target	Ownership Interest
The Miminiska Property, comprised of three contiguous, unpatented mineral claims totaling 44 claim units, located approximately 100 kilometres east of Pickle Lake, Ontario.	Gold	100% owned

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

OVERALL PERFORMANCE

The Company is currently engaged in mineral exploration in Canada. The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain recoverable ore. As a result, the Company has no current sources of revenue other than interest earned on cash, short-term investments and money market instruments, all of which were derived from issuances of share capital. There are no known deposits of minerals on any of the mineral exploration properties of the Company and any activities of the Company thereon will constitute exploratory searches for minerals.

Trends

- Although the economic crisis which faced the financial sector in 2008 and 2009 has improved, the Company remains cautious in case the economic factors that have impacted the mining industry deteriorate even further.
- There are significant uncertainties regarding the prices of precious and base metals and other minerals and the limited availability of equity financing for the purposes of mineral exploration and development;
- The Company's future performance is largely tied to the outcome of future drilling results and the overall financial markets; and
- Current financial markets are likely to be volatile in Canada for the remainder of calendar 2016, reflecting ongoing concerns about the stability of the global economy. As well, concern about global growth may lead to further drops in the commodity markets. Uncertainty in the credit markets has also led to increased difficulties in borrowing/raising funds. Companies worldwide have been negatively affected by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of base and precious metals exploration and development, particularly without excessively diluting the interest of current shareholders of the Company.

These trends may limit the Company's ability to discover and develop an economically viable mineral deposit.

The Mary March Property

The Company earned a 50% interest in the property. The Company has earned this 50% interest in the Mary March property by incurring $755,000 of property expenditures and issuing 100,000 common shares valued at $16,000 and 100,000 warrants valued at $8,600. The Company is also required to make a cash payment of $2,000,000 within six months of commercial production. The Company's interest is also subject to a 1% NSR royalty due upon commencement of commercial production. The remaining 50% interest in the property is held by Glencore, on which the Company maintains a right of first refusal. For exploration expenditures during 2013, 2014, 2015 and 2016, Glencore was subject to a voluntary reduction due to non-participation of these exploration programs. Canstar now holds a 56% interest in the joint venture and Glencore holds a 44% interest.

The Mary March Property is comprised of 92 staked claims, 5 licenses, 1 lease and 2 patented lots totaling 4,129 hectares and is located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland. High grade Cu-Pb-Zn-Ag-Au massive sulphides of economic significance were discovered on the Mary March Property by Phelps in 1999, but the core discovery areas of the property had been dormant since August 2000.

The Company resumed exploration on the property in 2012, completing a 2,320 meter drilling program, where semi-massive and massive sulphides were intersected in four holes MM-12-21, MM-12-23, MM-13-27, and MM-13-28. These results were followed up in Fall of 2013 by completing a 1,146 meter drilling program, where additional massive sulphides and stockwork mineralization was encountered in all three completed drillholes. The Company recently completed an additional drilling program.

Mary March Property can be divided into two primary areas of exploration based on historic exploration as defined by areas where mineralization occurs and is separated by geological formations. To date, the Company defines the Mary March target and the Nancy April target as distinct areas and are separated by 400 meter distance between rock formations. MM13-29 and MM13-30 were designed to target the Mary March targets, and MM13-31 was designed to test the Nancy April target. Each area is described in the following sections.

Mary March Zone

As part of the Company's exploration program, a number of targets were identified using geophysics. These targets were drill tested in August-September of 2014 with the extension of MM13-30 and a new hole, MM14-32. Highlights include:

- Borehole MM14-32 intercepted 11.5 meters 1.2% zinc, 0.2% lead, 1.8 g/t silver, 0.2 g/t gold from 431.5 to 443 meters
  - Including an interval of 3.6 meters grading 2.7% zinc, 0.1% copper, 2.4 g/t silver and 0.1 g/t gold nested in the above intercept from 435.9 to 439.5 meters.

The results of this drilling is tabulated below:

BHID	From	To	Length	Zn%	Cu%	Pb%	Ag ppm	Au ppm
MM14-32	399.68	407	7.32	0.21	0.06	0.01	1.4	0.05
including...	399.68	402	2.32	0.33	0.05	0.02	1.35	0.07
MM14-32	410.39	416.19	5.8	0.43	0.08	0.02	3.45	0.13
including...	411.64	414.47	2.83	0.54	0.14	0.02	5.08	0.17
MM14-32	431.5	443	11.5	1.18	0.16	0.04	1.77	0.12
including...	434.5	441.1	6.6	1.84	0.13	0.06	1.88	0.09
including...	435.9	439.47	3.57	2.73	0.03	0.1	2.39	0.11

Nancy April Zone

A key development to the drilling results reports in Q2 2014 was the confirmation of the existence of a continuous stockwork zone formed by hydrothermal processes that are conducive to the development of volcanogenic massive sulphide (VMS) deposits. The Company conducted a geophysical survey in the summer of 2014 to follow up on these results. An induced polarization ("IP") survey was conducted to ascertain whether the stockwork zone manifests a chargeable geophysical response, and how this response might continue spatially. The results of this survey outlined a number of chargeable anomalies including a linear coincident with known stockwork mineralization. Figure 2 shows the chargeability map over the Nancy April area.

The Company tested several of these targets in September 2014 with a 4-hole drilling program with an additional extension of an existing hole drilled in 2013, totaling 1724 meters. Three of the four holes intersected mineralization. Highlights include:

- Borehole MM14-33 intersected 5.33 meters 1.2% copper , 0.2% zinc, 4.9 g/t silver, 0.4 g/t gold from 66.5 to 71.8 meters
  - Including an interval of 2.3 meters grading 2.5% copper, 0.1% zinc, 8.6 g/t silver and 0.7 g/t gold nested in the above intercept from 69.5 to 71.8 meters.
- Borehole MM14-33 returned 93.7 meters of 1.0% zinc, 0.2% lead, and 2.9 g/t silver in stockwork sulphides
  - Including an interval of 10.2 meters of 3.4% zinc, 0.1% copper, 7.1 g/t silver and 0.3 g/t gold

In addition to MM14-32, diamond drill hole MM13-30 (see News Release dated January 21, 2014) was extended as part of this program in order to test a geophysical anomaly that was identified near the end of this hole. The extended hole encountered significant pyrite mineralization, however, assays did not return any significant results.

The remaining 3 holes reported were designed to test an extensive IP anomaly that is coincident with the Nancy April Horizon. The Nancy April deposit lies approximately 500 meters west of the Mary March deposit and was discovered in 1999 by Phelps. Phelps' discovery hole intersected 6.8 meters of 1.5% zinc, 0.8% copper and 0.6% lead. Geochemical work and re-logging on historic drill core completed by the Company in summer of 2013 noted strong alteration with minor mineralization downhole of Nancy April intersect and it was hypothesized that a footwall zone to a larger system may be present in the area. Drilling in Fall 2013 confirmed these results. The latest results are tabulated below:

BHID	From	To	Length	Zn%	Cu%	Pb%	Ag ppm	Au ppm
MM14-33	66.46	71.79	5.33	1.21	0.03	0.15	4.85	0.35
including...	69.54	71.79	2.25	2.49	0.03	0.1	8.64	0.72
MM14-33	128.66	129.58	0.92	0.03	2.09	1.8	19.96	0.46
MM14-33	200.88	294.54	93.67	0.05	0.15	1	2.92	0.03
including...	237	247.17	10.17	0.12	0.01	3.36	7.13	0.03
MM14-34	383.58	390.89	7.31	0.05	0.17	0.28	8.8	0.08
MM14-35	61.4	68.39	6.99	0.08	0.02	0.05	10.07	0.23

Kenora Property

The Kenora Gold Project represents four separate properties made up of 283 units for an area of 6,182 hectares. The properties are situated in the Wabigoon sub-province, and located approximately 20 km east of the Town of Kenora.

Results of the August 2016 mapping and geophysical induced polarization (“IP”) program confirms that several of these anomalies are associated with gold showings including the chief prospect on the Aviator trend known as the Ace Showing. The drill program will focus on further testing the efficacy of the IP results as a benchmark for future exploration on the project, as well as test some of the key zones identified though mapping and prospecting.

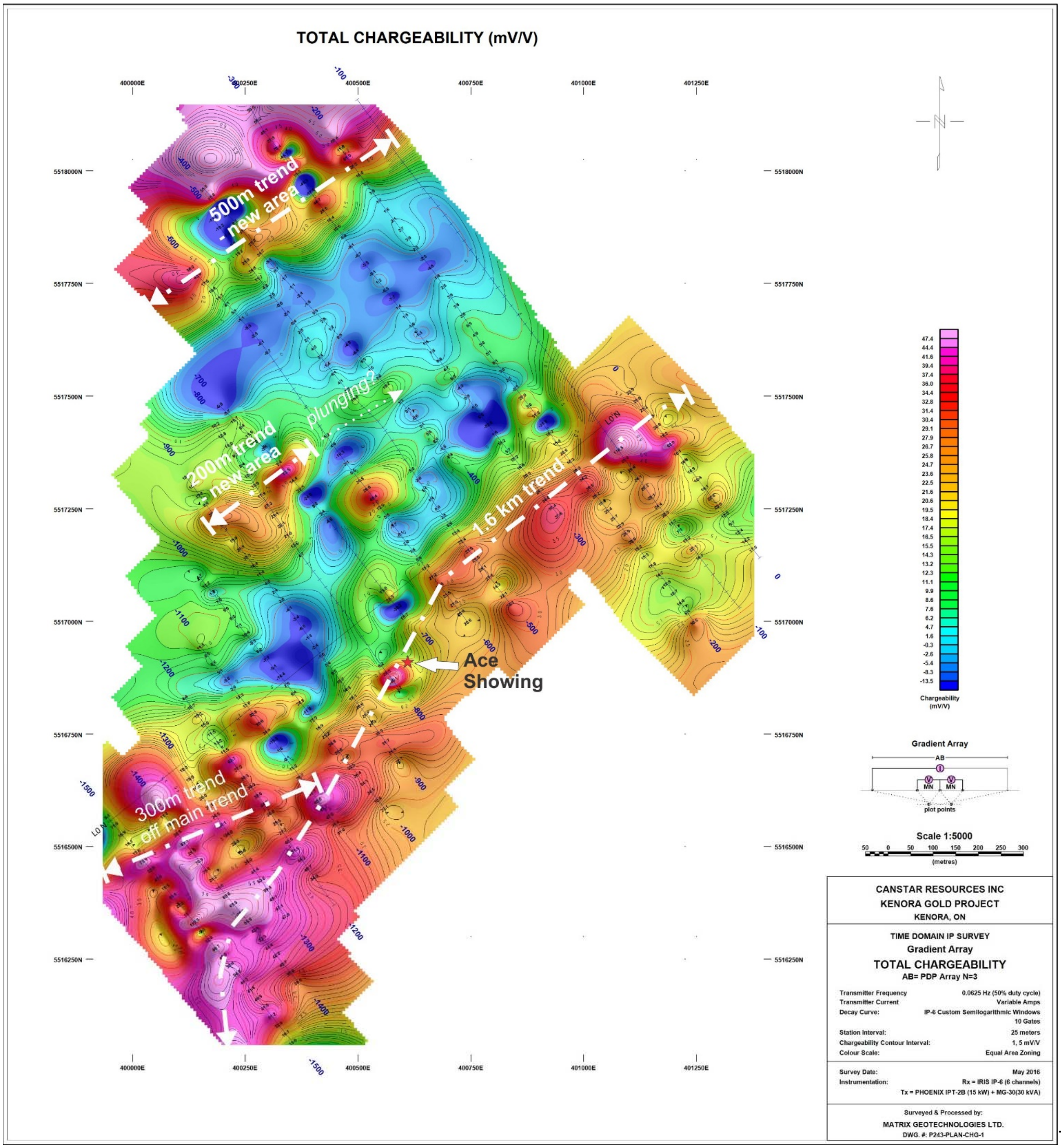


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Figure 3. Colour contoured chargeability map for induced polarization survey showing observed trends

The Ace Showing on the Aviator trend has been trenched as has the Westin Showing on the Westin Trend. Both areas returned significant results and confirmed the presence of extensive and high-grade gold mineralized systems, including a 29.3 meter section (true width) averaging 3.1 g/t at surface over the Ace showing and two samples returning greater than 10 g/t gold on the Westin trend. Results from the Ace Showing followed up on the discovery of an 18.3 meter channel sample discovered in 2015 (see news release dated December 3rd, 2015). At the time, the length of this sample was limited by a lack of outcrop exposure. The latest trenching has allowed for greater exposure, and the Company has extended this channel to either side and are hoping these widths can be duplicated or extended with future exploration.

In January and February of 2016 the Company completed a 1,062-meter diamond drilling program testing a number of induced polarization and geological targets on the property. This first phase of drilling focused on targets located in proximal strike distance to the Ace Showing, along the structural trend identified as containing gold mineralization. A number of notable results from this program include:

- 0.5 g/t gold over 22.0 meters in KG-17-08 located 146 meters northeast of the Company's Ace Showing, including 1.0 g/t gold over 3.0 meters;
- 11.0 meters of 0.3 g/t gold from 109 to 120 meters (KG-17-01)
- 3.2 meters of 0.3 g/t gold from 74 to 77.2 meters (KG-17-01)

The depth-to-top of these zones are 77 meters for deeper zone and 63 meters for the shallower zone. The deeper of the two zones does not occur directly under the vertically dipping Ace Showing but rather 20 meters to the east of the showing. This may suggest the mineralization is dipping eastward and oblique to the stratigraphy or may represent an entirely new zone.

Results from the drilling program are tabulated below:

Phase 1 drilling results for the Kenora Gold Project

Hole ID	Azimuth	Dip	From	To	Core Length	Gold (g/t)
KG17-01	125	-45	35.4	36.5	1.1	0.4
			74.0	77.2	3.2	0.3
			109.0	120.0	11.0	0.3
KG17-02	145	-45	48.0	50.0	2.0	0.3
			80.0	81.0	1.0	0.5
KG17-03	160	-45	75.0	77.1	2.1	1.2
			88.2	89.3	1.1	1.0
			158.80	160.10	1.3	0.6
KG17-04	117	-45	52.4	53.0	0.6	0.3
			82.0	83.0	1.0	0.3
			84.0	85.0	1.0	0.4
KG17-05	130	-45	110.0	111.0	1.0	0.4
			115.8	117.2	1.4	0.4
			128.3	128.8	0.5	1.7
			134.0	134.3	0.3	1.6
			159.0	160.0	1.0	0.4
KG17-06	305	-45				NSV
KG17-07	310	-45				NSV
KG17-08	310	-64	43.0	65.0	22.0	0.5
		…Incl.	43.0	53.9	10.9	0.6
		…Incl.	58.0	65.0	7.0	0.7

...Incl.	62.0	65.0	3.0	1.0

Over the summer of 2017 the Company completed a second phase of drilling. The program comprised of 11 drillholes testing geological targets as well as geophysical targets. Geological targets were derived through a series of trenching programs completed over the Spring of 2017. Geophysical targets were prioritized from the existing IP survey described above. The Company was able to access the Ace Showing in this program. The results for this drilling are pending and will be announced upon receipt.

The Kenora Gold Project represents an area of historic mining during the 19th and early 20th century, and has seen little exploration since that time. During its time of production, the area accounted for 55% of gold production in Ontario. Geologically the properties occur near the boundary of the English River and Wabigoon subprovinces. Gold occurrences on the Project are typically high-grade and associated with regionally extensive shear zones, as well as dilational breccias. Historic production in the area reports gold values ranging from 56 g/t to 186 g/t. Very little modern exploration has been conducted on the project and Management feels there is strong potential for the area to host numerous, significant deposits. Many of the reported occurrences occur along the same structure, demonstrating potential mineralization over several kilometers. In December 2016 the Company announced it would engage in a drilling program to be completed in Winter of 2017.

Canstar earned a 100% interest in the Kenora Project by making cash payments totalling $18,200 over a two year term (paid in 2014 and 2015), and issuing 200,000 common shares upon the second anniversary (issued in 2016). The Optionors will maintain a 3% net smelter royalty ('NSR'), subject to a buy-back right of $1,000,000 for the first 1.5% and $3,000,000 for the remaining 1.5%, which would reduce the NSR to 0%. The agreement was subject to regulatory approval.

The Slate Bay Property

The Slate Bay property is comprised of 8 contiguous, patented claims covering 128 hectares and located about 10 kilometres north of the town of Red Lake, Ontario, within the productive Red Lake greenstone belt. In November 2005, the Company met all of the expenditure requirements to earn its 75% interest in the property and advised Luxor that it wished to establish a joint venture to further explore and develop the property. Under the terms of the agreement, the Company will act as manager of the joint venture.

In 2001 the Company completed detailed ground magnetic and IP surveys over the property and a 5-hole drill program testing a number of IP anomalies. The first hole intersected a 69.33 metre interval of Cu-Au-Ag mineralized breccia. Additional IP surveying in 2003 identified the faulted extension of the chargeability anomaly related to the mineralized zone and extended its total length to 1,000 metres. On September 20, 2005, a program of follow-up drilling consisting of four holes totaling 641 metres intersected a large copper-gold-silver mineralized skarn system, which is believed to have potential for continuity both laterally and to depth, with grades running to a high of 7.2 g/t gold, 5.81% copper and 183 g/t silver over narrow intervals within considerably longer sections of lower grade material.

In September 2008, the Company completed a further six holes on the property testing the skarn system at depth and along strike. The mineralized zone was intersected at an additional 50 metres depth and 100m along strike to the northeast of previous drilling. Analytical results confirm that the mineralization extends to depth and along strike, and is similar to previous results. $214,971 in expenditures was written down on the property during the year ended June 30, 2009. The Slate Bay property is currently being reviewed, and the Company is open to potential joint venture or option.

	Mary March Property Mary March Property $	Kenora Property Kenora Property $	Total Total $
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2015	$ 65,884	$ 18,200	$ 84,084
Incurred	-	8,000	8,000
Balance, June 30, 2016	**$ 65,884**	**$ 26,200**	**$ 92,084**
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2015			
Access	$ 1,969,866	$ 77,779	$ 2,047,645
Assaying	8,124	79,289	87,413
Field supplies	-	24,966	24,966
Geological consulting	-	60,550	60,550
Geophysics and exploration	-	64,125	64,125
Geophysics surveys	9,100	-	9,100
Labour and supervision	-	83,294	83,294
Travel	-	60,710	60,710
Access	-	43,339	43,339
Balance, June 30, 2016	1,987,090	494,052	2,481,142
Total, June 30, 2016	**$ 2,052,974**	**$ 520,252**	**$ 2,573,226**

	Mary March Property $	Kenora Property $	Total $
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2016	$ 65,884	$ 26,200	$ 92,084
Common shares issued	-	-	-
Balance, June 30, 2017	$ 65,884	$ 26,200	$ 92,084
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2016	$ 1,987,090	$ 494,052	$ 2,481,142
Access	294	11,241	11,535
Assaying	-	41,038	41,038
Drilling	-	64,181	64,181
Field supplies	70	40,090	40,160
Geological consulting	-	96,405	96,405
Geophysics and exploration	6,300	-	6,300
Geophysics surveys	-	5,893	5,893
Labour and supervision	-	82,906	82,906
Travel	-	47,250	47,250
Balance, June 30, 2017	1,993,754	883,056	2,876,810
Total, June 30, 2017	**$2,059,638**	**$909,256**	**$2,968,894**

SELECTED ANNUAL FINANCIAL INFORMATION

Fiscal Year	2017	2016	2015
Operating expenses	$477,304	$271,928	$278,735
Loss from operations	477,304	271,928	278,735
Net loss for the year	475,275	241,811	272,005
Loss per share – basic and diluted	0.00	0.00	0.00
Total assets	3,719,600	2,928,772	2,595,647
Total liabilities	153,584	95,313	84,006

RESULTS OF OPERATIONS

Three months ended June 30, 2017 compared to three month ended June 30, 2016

Total operating expenses were $30,255 for the three months ended June 30, 2017 compared to $48,620 in the comparative period, a decrease of $18,365. Net loss for the three months ended June 30, 2017 was $28,226 compared to $48,620, a decrease of $20,394. The main reasons for the change was a $36,025 reduction in the allocation of management fees to operating expenses in the three months ended June 30, 2017 compared to the three months ended June 30, 2016, as a result of more exploration undertaken by management during the three months ended June 30, 2017.

Year ended June 30, 2017 compared to year ended June 30, 2016

The net loss for the year ended June 30, 2017 was $475,275 compared to $241,811 for the year ended June 30, 2016. Expenses increased by $205,376. The major increases were in share-based payments (increase of $159,300 as a result of stock options valued at $212,850 granted to certain directors and officers on January 3, 2017) and an increase of $28,758 in transfer agent and filing fees, mainly due to the additional costs related to the share consolidation and subsequent stock split in 2017.

SUMMARY OF QUARTERLY RESULTS (1)

The following table sets out selected quarterly results of the Company for the eight quarters prior to the effective date of this report. The information contained herein is drawn from the audited annual financial statements and unaudited interim financial statements of the Company.

Calendar Year	2017	2017	2016	2016
Quarter	June 30,	March 31,	December 31,	September
Revenue	$nil	$nil	$nil	$nil
Working capital	595,956	745,467	1,011,273	1,186,128
Interest in exploration properties and deferred exploration and evaluation expenditures	2,968,894	2,846,344	2,684,672	2,609,323
Expenses	30,255	319,694	65,581	61,774
Net loss	28,226	319,694	65,581	61,774
Net loss per share (1)	0.00	0.00	0.00	0.00

Calendar Year	2016	2016	2015	2015
Quarter	June 30,	March 31,	December 31,	September
Revenue	$nil	$nil	$nil	$nil
Working capital	258,776	397,162	522,478	281,386
Interest in exploration properties and deferred exploration and evaluation expenditures	2,573,226	2,319,238	2,208,393	2,177,346
Expenses	48,620	46,543	108,397	68,368
Net loss	48,620	22,562	102,261	68,368
Net loss per share (1)	0.00	0.00	0.00	0.00

Notes:

(1) Net loss per share on a diluted basis is the same as basic net loss per share, as all factors which were considered

in the calculation are anti-dilutive.

RELATED PARTY TRANSACTIONS

During the year ended June 30, 2017, the Company incurred $20,838 (2016 - $20,838) for rent charged by a corporation of which the Chairman of the Board and the President are directors of the Company.

The remuneration of directors and key management during the years ended June 30, 2017 and 2016 were as follows:

	2017 $	2016 $
Short-term benefits (i)	135,923	103,794
Share-based payments	193,500	53,550
	329,423	157,344

(i) During the year ended June 30, 2017, $78,406 (2016 - $50,000) of short-term benefits was capitalized as deferred exploration expenditures and $57,517 (2016 - $53,794) was included in management fees.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive or non-executive) of the Company.

During the year ended June 30, 2017, the Company incurred $27,038 (2016 - $22,500) for professional fees charged by Peterson McVicar LLP, a law firm of which a director is a partner. Of this amount, $8,508 (2016 - $12,154) has been included in share issue costs in relation to these fees.

During the year ended June 30, 2016, officers and directors of the Company acquired 1,283,333 units of the private placement for gross proceeds of $77,000.

LIQUIDITY

As at June 30, 2017, the Company had working capital of $595,956 compared to a working capital of $258,776 at June 30, 2016. The Company has no revenue from operations and is dependent on financings for working capital.

The Company's operating costs are expected to remain approximately the same during the remainder of calendar 2017, while exploration costs will depend on the exploration program budget as approved by the directors.

WORKING CAPITAL RESOURCES

Additional financings will be required to fund future exploration and for working capital purposes.

Most of the Company's requirements for capital to maintain its ownership level in its properties, as well as pay for exploration expenditures and administrative expenses have been met through the completion of private placements and the exercise of stock options and warrants. Typically, these monies have come from institutional and high net worth investors and the amounts raised have been a function of the level of market interest in the junior resource industry as well as the general level of interest in the equity and mineral commodity markets. The Company will have to rely on further equity financings in order to maintain an adequate liquidity base with which to support its general operations and exploration and development mandate.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer other mining companies the opportunity to acquire interests in any of its properties in return for funding by such companies of all or part of the exploration and development of such properties. For the funding of any property acquisitions or exploration conducted by the Company, the Company depends on the issue of shares from treasury to investors. Such financing will depend, in turn, on various factors, such as a positive mineral exploration climate, positive stock market conditions, the Company's track record and the experience of management. If such financing is unavailable for any reason, the Company may become unable to retain its mineral interests and carry out its business plan.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed acquisitions or dispositions being contemplated by the Company as at the date of this report.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of the recoverable value of its mineral exploration properties and related deferred exploration and evaluation expenditures, as well as the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes option pricing model. However, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of its recorded value of its mineral exploration properties and associated deferred exploration and evaluation expenses is based on current market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

FUTURE ACCOUNTING CHANGES

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective in future periods. These include:

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 3. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017.

Change in accounting policies

IFRS 11 – Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. At July 1, 2016, the Company adopted this standard and there was no material impact on the Company's financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. At July 1, 2016, the Company adopted this standard and there was no material impact on the Company's financial statements.

CONTINGENCIES

Environmental Contingencies

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

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, foreign exchange rate and price risk) and credit risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable and prepaid expenses is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2017, the Company had a cash and cash equivalents balance of $718,075 (2016 - $214,898) to settle current liabilities of $153,584 (2016 - $95,313). The Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing. Management is continuing to pursue various financing initiatives in order to provide sufficient cash flow to finance operations as well as funding its exploration expenditures. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company has cash, cash equivalents and short-term investment balances subject to interest. Management does not believe the Company is exposed to significant interest rate risk.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign exchange risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.Fair value

Sensitivity Analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

Cash, cash equivalents and short-term investments are invested with a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. Sensitivity to a plus or minus 1% change in rates, based on the balance of cash, cash equivalents and short-term investments at June 30, 2017, would affect the net loss by plus or minus $7,100 during a twelve-month period.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which is comprised of capital stock, share purchase warrants, broker compensation warrants, contributed surplus and deficit.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
(ii) minimizing discretionary disbursements;
(iii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iv) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not subject to any capital requirements imposed by a regulator or lending institution body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. The Company expects that its current capital resources are sufficient to discharge its liabilities as at June 30, 2017. The Company will, in all likelihood, raise capital by public or private placements in fiscal 2017 for any future exploration.

SHARE CAPITAL

Pursuant to a resolution approved at the 2012 AGM and approved by the TSX, the Company's stock option plan limit is a maximum issuance of 15,000,000 shares.

On January 3, 2017, the Company granted 2,475,000 stock options to certain directors, officers and consultants of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.11 for a period of 5 years. A grant date fair value of $212,850 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of

1.14%; expected life of 5 years; and an expected volatility of 108% based on the Company's historical trading data. The options vested immediately on issuance.

The total value of share-based payments for the year ended June 30, 2017 was $212,850, (2016 - $53,550).

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options Granted	Exercisable Options	Exercise Price	Expiry Date
#	#	$	
500,000	500,000	0.10	May 1, 2018
100,000	100,000	0.10	July 17, 2018
2,450,000	2,450,000	0.05	December 11, 2019
2,475,000	2,475,000	0.11	January 3, 2022
5,525,000	5,525,000		

The weighted average exercise price of exercisable options as at June 30, 2017 was $0.08 (2016 - $0.12).

On December 23, 2015 and December 29 2015, the Company completed two tranches of a non-brokered private placement financing comprising an aggregate of 6,103,333 flow-through units at $0.06 per unit for gross proceeds of $366,200 of which $23,863 was allocated to the flow-through premium. Each unit consists of one flow-through common share and one common share purchase warrant.

Each warrant entitles the holder to purchase one common share of the Company for a period of 24 months after closing at a price of $0.10 in the first year after closing, and $0.175 in the second year after closing if the holder so elects. When the closing price on the TSX Venture Exchange of the shares equals or exceeds $0.175 per share in the first year after closing, or $0.25 per share in the second year after closing, for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants.

The grant date fair value of the warrants was estimated to be $96,640 net of issue costs of $1,564. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 130%, risk-free interest rate of 0.50%, and expected life of 2 years.

Finders fees of $1,100 were paid and 29,600 finders warrants were issued, valued at $1,062. The finders' warrants are exercisable into units having the same terms as the private placement at an exercise price of $0.06 for a period of two years.

On February 26, 2016, the Company issued 200,000 common shares at a fair value of $0.04 per share pursuant to the acquisition of the Kenora Gold Project based on the quoted market price at the time of receipt.

On May 2, 2016, the Company completed a non-brokered private placement financing comprising an aggregate of 1,158,334 flow-through units and 1,881,866 hard-dollar units at $0.06 per unit for gross proceeds of $182,412. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each hard-dollar unit consists of one common share and one common share purchase warrant.

Each warrant entitles the holder to purchase one common share of the Company for a period of 24 months after closing at a price of $0.10 in the first year after closing, and $0.175 in the second year after closing if the holder so elects. When the closing price on the TSX Venture Exchange of the shares equals or exceeds $0.175 per share in the first year after closing, or $0.25 per share in the second year after closing, for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants.

The grant date fair value of the warrants was estimated to be $48,685 net of issue costs of $6,834. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 113%, risk-free interest rate of 0.58%, and expected life of 2 years.

Finders' fees of $6,811 were paid and 181,626 finders' warrants were issued, valued at $4,174. The finders' warrants are exercisable into hard-dollar units having the same terms as the private placement at an exercise price of $0.06 for a period of two years.

On August 2, 2016, the Company closed a non-brokered private placement for gross proceeds of $1,043,795 through sale of 10,437,950 units at a price of $0.10 per unit. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each warrant shall entitle the holder to purchase one common share at a price of $0.15 per common share until December 31, 2017.

The grant date fair value of the warrants was estimated to be $179,570. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 127% based on the Company's historical trading data, risk-free interest rate of 0.55%, and expected life of 1.4 years.

Issue cost of $70,822 were paid including 256,000 finders warrants issued, valued at $14,082, of which $12,159 was allocated to warrants. Each finders warrant is exercisable at $0.10 into one common share and one-half of one common share purchase warrant and have the same terms as the units issued pursuant to the private placement.

As a result of the consolidation of the Company's common shares on a 10 for 1 basis and subsequent stock split on a 10 for 10 basis, 247,902 common shares were cancelled. Shareholders can receive cash consideration equal to $0.12 per common share for the shares that were cancelled. Accordingly, the Company paid $28,508 in relation to these cancelled shares.

Warrants outstanding for the Company at the date of this MD&A were as follows:

Number of Warrants	Exercise Price	Expiry Date
#	$	
5,298,975	0.15	December 31, 2017
48,000	0.10*	December 31, 2017
570,000	0.175	December 29, 2017
14,800	0.06	December 29, 2017
5,533,333	0.175	December 23, 2017
3,040,200	0.10	May 2, 2018
128,146	0.175	May 2, 2018
14,633,454	0.15	

* Each warrant is exercisable into one common share and one-half of one common share purchase warrant exercisable at $0.15 until December 31, 2017.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

- *Exploration Stage Company and Exploration Risks*

The Company is a junior resource company focused primarily on the acquisition and exploration of mineral properties located in Canada. The properties of the Company have no established reserves. There is no assurance that any of the projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves that are sufficient to commercially mine some of the Company's properties and to construct complete and install mining and processing facilities on those properties that are actually mined and developed.

- *No History of Profitability*

The Company is a development stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

- *Government Regulations*

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. In order for the Company to carry out its mining activities, its exploitation must be kept current. There is no guarantee that the Company's exploitation will be extended or that new exploitation will be granted. In addition, such exploitation could be changed and there can be no assurances that any application to renew any existing will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

- *Market Fluctuation and Commercial Quantities*

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

- *Mining Risks and Insurance*

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator if its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

- *Environmental Protection*

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

- *Capital Investment*

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be. Should the Company not be able to obtain such financing, its properties may be lost entirely.

- *Conflicts of Interest*

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matters in which they may have a conflict of interest.

- *Current Global Financial Conditions*

Current global financial conditions have been characterized by increased volatility, declining liquidity and the exit of a number of traditional investors from public markets. Access to public financing has been made more challenging by a global contraction of commercial and consumer credit markets. The ensuing decline in consumption has led to a marked erosion of investor confidence and risk tolerance. A major consequence/contributor to these factors may be seen in the unparalleled number of established financial institutions facing involuntary corporate reorganization, insolvency, bankruptcy and/or governmental intervention. While the most sensational of the corporate casualties have occurred in the United States, the global nature of today's economic reality has left no interrelated public market unscathed. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favorable to the Company or at all. Any or all of these economic factors, as well as other factors not specifically identified herein, may cause a decline in asset values that could be deemed to be other than temporary, resulting in impairment losses. If such conditions continue, the Company's operations could be negatively impacted, and the trading price of its common shares may be adversely affected.

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited annual financial statements do not contain any untrue statement of 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 is made, as of the date of and for the periods presented by the audited annual financial statements and (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the years presented.

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), the 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 the 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 52-1 09 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT OCTOBER 13, 2017)

The Company's authorized capital consists of an unlimited number of common shares without par value, of which 102,758,522 are issued and outstanding as of the date of this MD&A. On a fully diluted basis the Company has 122,940,976 common shares outstanding assuming the exercise of 5,525,000 outstanding stock options, 14,633,454 warrants.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in the Management Discussion and Analysis. A copy of this report will be provided to anyone who requests it.

OTHER MATTERS

Additional information relating to the Company can be found on SEDAR at www.sedar.com and the Company's website at www.canstarresources.com.

CANSTAR RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2016

INTRODUCTION

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the annual financial statements of Canstar Resources Inc. (the "Company" or "Canstar") for the year ended June 30, 2016, and the annual financial statements for the year ended June 30, 2015 and related notes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. This MD&A is made as of October 25, 2016.

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Company's website at www.canstarresources.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of inferred mineral resources; future prices of base and precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in base and precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

DESCRIPTION OF THE BUSINESS

The Company is a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in Canada. The shares of the Company began trading on the TSX Venture Exchange under the symbol "ROX" on April 8, 2005. The Company is a reporting issuer in the provinces of Ontario, Alberta and British Columbia.

The following table contains a brief description of the Company's core properties held in fiscal 2016, which are or were the primary focus of the Company's exploration initiatives. Further details with respect to the core properties are also provided in this document under the section entitled "Overall Performance".

Description of Core Property	Target Mineralization	Ownership Interest
The Mary March Property, comprised of 92 staked claims, 5 licenses, 1 lease and 2 patented lots, totaling 4,129 hectares, located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland.	Zinc-silver-lead-copper-gold	A 56% interest and right of first refusal on the remaining 44% interest held by Glencore plc, the Company's joint venture partner. [(1)]. The Company is the operator.
The Mary March Extension Property (formerly the XMET Option Property) was acquired on April 7, 2009 and is comprised of 34 claims staked in two contiguous blocks. The property is located immediately west and north of the Mary March property and may cover the extension of the geological horizon hosting the Mary March base and precious metal mineralization.	Zinc-silver-lead copper-gold	The 34 claims acquired by staking on April 7, 2009 are 100% owned by the Company, and not part of the Glencore joint venture.
The Slate Bay Property, comprised of 8 contiguous patented claims covering 128 hectares, located approximately 10 kilometres north of the town of Red Lake, Ontario, within the Red Lake greenstone belt.	Copper-gold-silver	A 75% earned interest in the property pursuant to an option and joint venture participation agreement entered into with Luxor Enterprises Inc. (Luxor) on February 4, 2002.
The Kenora Gold Project, made up of 31 mining claim blocks comprised of 283 units for an area of 6,182 hectares. The property is located 20 kilometres east of the Town of Kenora.	Gold	Pursuant to an option agreement dated March 2, 2014, the Company earned a 100% interest by making cash payments of $18,200 (paid in 2014 and 2015) and issuing 200,000 common shares (issued in 2016 and valued at $8,000).

Notes:

(1) The Company is required to make a cash payment of $2,000,000 within six months of commercial production. The Company's interest is also subject to a 1% NSR royalty due upon commencement of commercial production.

The Company also has two non-core properties, identified in the table below.

Description of Property	Target	Ownership Interest
The Miminiska Property, comprised of three contiguous, unpatented mineral claims totaling 44 claim units, located approximately 100 kilometres east of Pickle Lake, Ontario.	Gold	100% owned
The Shrimp Lake Property is comprised of seven contiguous, unpatented mineral claims totaling 91 claim units, covering 1,456 hectares approximately 165 kilometres north-northeast of Red Lake.	Gold and base metals	100% owned

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

OVERALL PERFORMANCE

The Company is currently engaged in mineral exploration in Canada. The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain recoverable ore. As a result, the Company has no current sources of revenue other than interest earned on cash, short-term investments and money market instruments, all of which were derived from issuances of share capital. There are no known deposits of minerals on any of the mineral exploration properties of the Company and any activities of the Company thereon will constitute exploratory searches for minerals.

Trends

- Although the economic crisis which faced the financial sector in 2008 and 2009 has improved, the Company remains cautious in case the economic factors that have impacted the mining industry deteriorate even further.
- There are significant uncertainties regarding the prices of precious and base metals and other minerals and the limited availability of equity financing for the purposes of mineral exploration and development;
- The Company's future performance is largely tied to the outcome of future drilling results and the overall financial markets; and
- Current financial markets are likely to be volatile in Canada for the remainder of calendar 2016, reflecting ongoing concerns about the stability of the global economy. As well, concern about global growth may lead to further drops in the commodity markets. Uncertainty in the credit markets has also led to increased difficulties in borrowing/raising funds. Companies worldwide have been negatively affected by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of base and precious metals exploration and development, particularly without excessively diluting the interest of current shareholders of the Company.

These trends may limit the Company's ability to discover and develop an economically viable mineral deposit.

The Mary March Property

The Company earned a 50% interest in the property. The Company has earned this 50% interest in the Mary March property by incurring $755,000 of property expenditures and issuing 100,000 common shares valued at $16,000 and 100,000 warrants valued at $8,600. The warrants could be exercised at a price of $0.25 per share by July 27, 2013 and $0.50 per share by July 27, 2014. The warrants expired during the year ended June 30, 2015. The Company is also required to make a cash payment of $2,000,000 within six months of commercial production. The Company's interest is also subject to a 1% NSR royalty due upon commencement of commercial production. The remaining 50% interest in the property is held by Glencore, on which the Company maintains a right of first refusal. For exploration expenditures during 2013, 2014, 2015 and 2016, Glencore was subject to a voluntary reduction due to non-participation of these exploration programs. Canstar now holds a 56% interest in the joint venture and Glencore holds a 44% interest.

The Mary March Property is comprised of 92 staked claims, 5 licenses, 1 lease and 2 patented lots totaling 4,129 hectares and is located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland. High grade Cu-Pb-Zn-Ag-Au massive sulphides of economic significance were discovered on the Mary March Property by Phelps in 1999, but the core discovery areas of the property had been dormant since August 2000.

The Company resumed exploration on the property in 2012, completing a 2,320 meter drilling program, where semi-massive and massive sulphides were intersected in four holes MM-12-21, MM-12-23, MM-13-27, and MM-13-28. These results were followed up in Fall of 2013 by completing a 1,146 meter drilling program, where additional massive sulphides and stockwork mineralization was encountered in all three completed drillholes. The Company recently completed an additional drilling program.

Mary March Property can be divided into two primary areas of exploration based on historic exploration as defined by areas where mineralization occurs and is separated by geological formations. To date, the Company defines the Mary March target and the Nancy April target as distinct areas and are separated by 400 meter distance between rock formations. MM13-29 and MM13-30 were designed to target the Mary March targets, and MM13-31 was designed to test the Nancy April target. Each area is described in the following sections.

<u>Mary March Zone</u>

As part of the Company's exploration program, a number of targets were identified using geophysics. These targets were drill tested in August-September of 2014 with the extension of MM13-30 and a new hole, MM14-32. Highlights include:

- Borehole MM14-32 intercepted 11.5 meters 1.2% zinc, 0.2% lead, 1.8 g/t silver, 0.2 g/t gold from 431.5 to 443 meters
  - Including an interval of 3.6 meters grading 2.7% zinc, 0.1% copper, 2.4 g/t silver and 0.1 g/t gold nested in the above intercept from 435.9 to 439.5 meters.

The results of this drilling is tabulated below:

BHID	From	To	Length	Zn%	Cu%	Pb%	Ag ppm	Au ppm
MM14-32	399.68	407	7.32	0.21	0.06	0.01	1.4	0.05
including...	399.68	402	2.32	0.33	0.05	0.02	1.35	0.07
MM14-32	410.39	416.19	5.8	0.43	0.08	0.02	3.45	0.13
including...	411.64	414.47	2.83	0.54	0.14	0.02	5.08	0.17
MM14-32	431.5	443	11.5	1.18	0.16	0.04	1.77	0.12
including...	434.5	441.1	6.6	1.84	0.13	0.06	1.88	0.09
including...	435.9	439.47	3.57	2.73	0.03	0.1	2.39	0.11

<u>Nancy April Zone</u>

A key development to the drilling results reports in Q2 2014 was the confirmation of the existence of a continuous stockwork zone formed by hydrothermal processes that are conducive to the development of volcanogenic massive sulphide (VMS) deposits. The Company conducted a geophysical survey in the summer of 2014 to follow up on these results. An induced polarization ("IP") survey was conducted to ascertain whether the stockwork zone manifests a chargeable geophysical response, and how this response might continue spatially. The results of this survey outlined a number of chargeable anomalies including a linear coincident with known stockwork mineralization. Figure 2 shows the chargeability map over the Nancy April area.

The Company tested several of these targets in September 2014 with a 4-hole drilling program with an additional extension of an existing hole drilled in 2013, totaling 1724 meters. Three of the four holes intersected mineralization. Highlights include:

- Borehole MM14-33 intersected 5.33 meters 1.2% copper , 0.2% zinc, 4.9 g/t silver, 0.4 g/t gold from 66.5 to 71.8 meters
  - Including an interval of 2.3 meters grading 2.5% copper, 0.1% zinc, 8.6 g/t silver and 0.7 g/t gold nested in the above intercept from 69.5 to 71.8 meters.
- Borehole MM14-33 returned 93.7 meters of 1.0% zinc, 0.2% lead, and 2.9 g/t silver in stockwork sulphides
  - Including an interval of 10.2 meters of 3.4% zinc, 0.1% copper, 7.1 g/t silver and 0.3 g/t gold

In addition to MM14-32, diamond drill hole MM13-30 (see News Release dated January 21, 2014) was extended as part of this program in order to test a geophysical anomaly that was identified near the end of this hole. The extended hole encountered significant pyrite mineralization, however, assays did not return any significant results.

The remaining 3 holes reported were designed to test an extensive IP anomaly that is coincident with the Nancy April Horizon. The Nancy April deposit lies approximately 500 meters west of the Mary March deposit and was discovered in 1999 by Phelps. Phelps' discovery hole intersected 6.8 meters of 1.5% zinc, 0.8% copper and 0.6% lead. Geochemical work and re-logging on historic drill core completed by the Company in summer of 2013 noted strong alteration with minor mineralization downhole of Nancy April intersect and it was hypothesized that a footwall zone to a larger system may be present in the area. Drilling in Fall 2013 confirmed these results. The latest results are tabulated below:

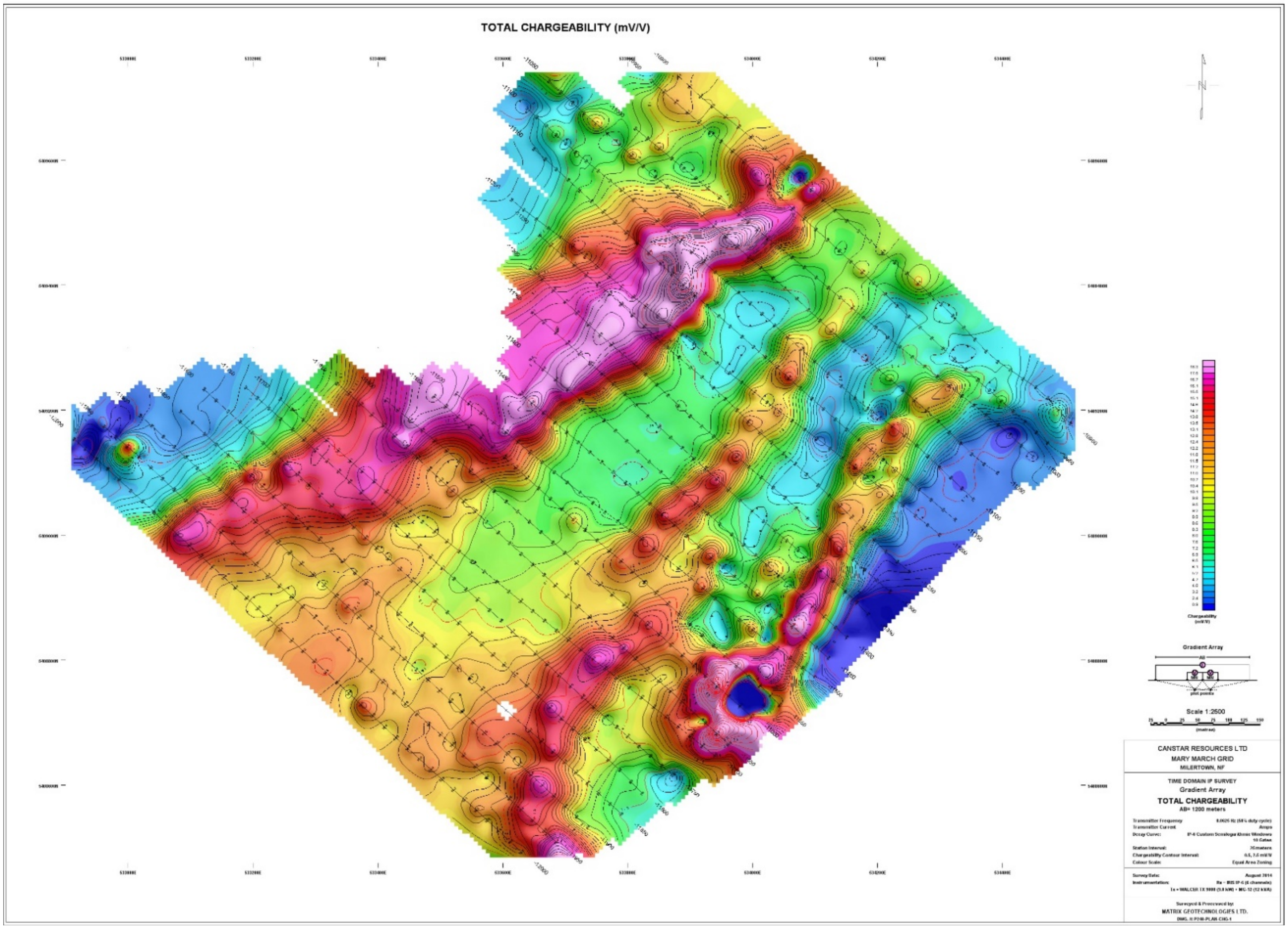
BHID	From	To	Length	Zn%	Cu%	Pb%	Ag ppm	Au ppm
MM14-33	66.46	71.79	5.33	1.21	0.03	0.15	4.85	0.35
including...	69.54	71.79	2.25	2.49	0.03	0.1	8.64	0.72
MM14-33	128.66	129.58	0.92	0.03	2.09	1.8	19.96	0.46
MM14-33	200.88	294.54	93.67	0.05	0.15	1	2.92	0.03
including...	237	247.17	10.17	0.12	0.01	3.36	7.13	0.03
MM14-34	383.58	390.89	7.31	0.05	0.17	0.28	8.8	0.08
MM14-35	61.4	68.39	6.99	0.08	0.02	0.05	10.07	0.23

The Slate Bay Property

The Slate Bay property is comprised of 8 contiguous, patented claims covering 128 hectares and located about 10 kilometres north of the town of Red Lake, Ontario, within the productive Red Lake greenstone belt. In November 2005, the Company met all of the expenditure requirements to earn its 75% interest in the property and advised Luxor that it wished to establish a joint venture to further explore and develop the property. Under the terms of the agreement, the Company will act as manager of the joint venture.

In 2001 the Company completed detailed ground magnetic and IP surveys over the property and a 5-hole drill program testing a number of IP anomalies. The first hole intersected a 69.33 metre interval of Cu-Au-Ag mineralized breccia. Additional IP surveying in 2003 identified the faulted extension of the chargeability anomaly related to the mineralized zone and extended its total length to 1,000 metres. On September 20, 2005, a program of follow-up drilling consisting of four holes totaling 641 metres intersected a large copper-gold-silver mineralized skarn system, which is believed to have potential for continuity both laterally and to depth, with grades running to a high of 7.2 g/t gold, 5.81% copper and 183 g/t silver over narrow intervals within considerably longer sections of lower grade material.

Figure 2. Total Chargeability Map over the Nancy April area



In September 2008, the Company completed a further six holes on the property testing the skarn system at depth and along strike. The mineralized zone was intersected at an additional 50 metres depth and 100m along strike to the northeast of previous drilling. Analytical results confirm that the mineralization extends to depth and along strike, and is similar to previous results. $214,971 in expenditures was written down on the property during the year ended June 30, 2009. The Slate Bay property is currently being reviewed, and the Company is open to potential joint venture or option.

Kenora Property

The Kenora Gold Project represents four separate properties made up of 283 units for an area of 6,182 hectares. The properties are situated in the Wabigoon sub-province, and located approximately 20 km east of the Town of Kenora.

The Company conducted an induced polarization ("IP") survey in May and June of 2016 over the Company's Ace Showing as well as the geological trend inferred by previous work. The IP survey delineated a number of prospective features:

- A series of chargeable-resistive anomalies that run parallel to a known major structure; these anomalies trend over 1.6 kilometer distance, currently comprised of 11 targets at various depths;
- The "Ace" Showing falls on this trend and has a coincident chargeable-resistive anomaly; the Company recently announced results from the Ace Showing including a 29.3 meter channel sample with a gold grade of 3.1 g/t (see Company's press release dated June 20, 2016);
- A long, continuous anomaly can be observed extending for 900 meters on this trend;
- A second, previously unexplored anomaly branching off the known mineralized trend to the southwest, which extends a minimum 300 meters with 3 continuous anomalies;

- A third previously unexplored trend located at the northwest portion of the property which extends for 500 meters; this trend appears to occur at shallow depths and extends to approximately 150 meters depth.

Mapping has been conducted to evaluate these targets. The Company is currently pursuing acquiring drilling permits to test these targets. A chargeability map with observed trends for the completed IP survey is shown below:

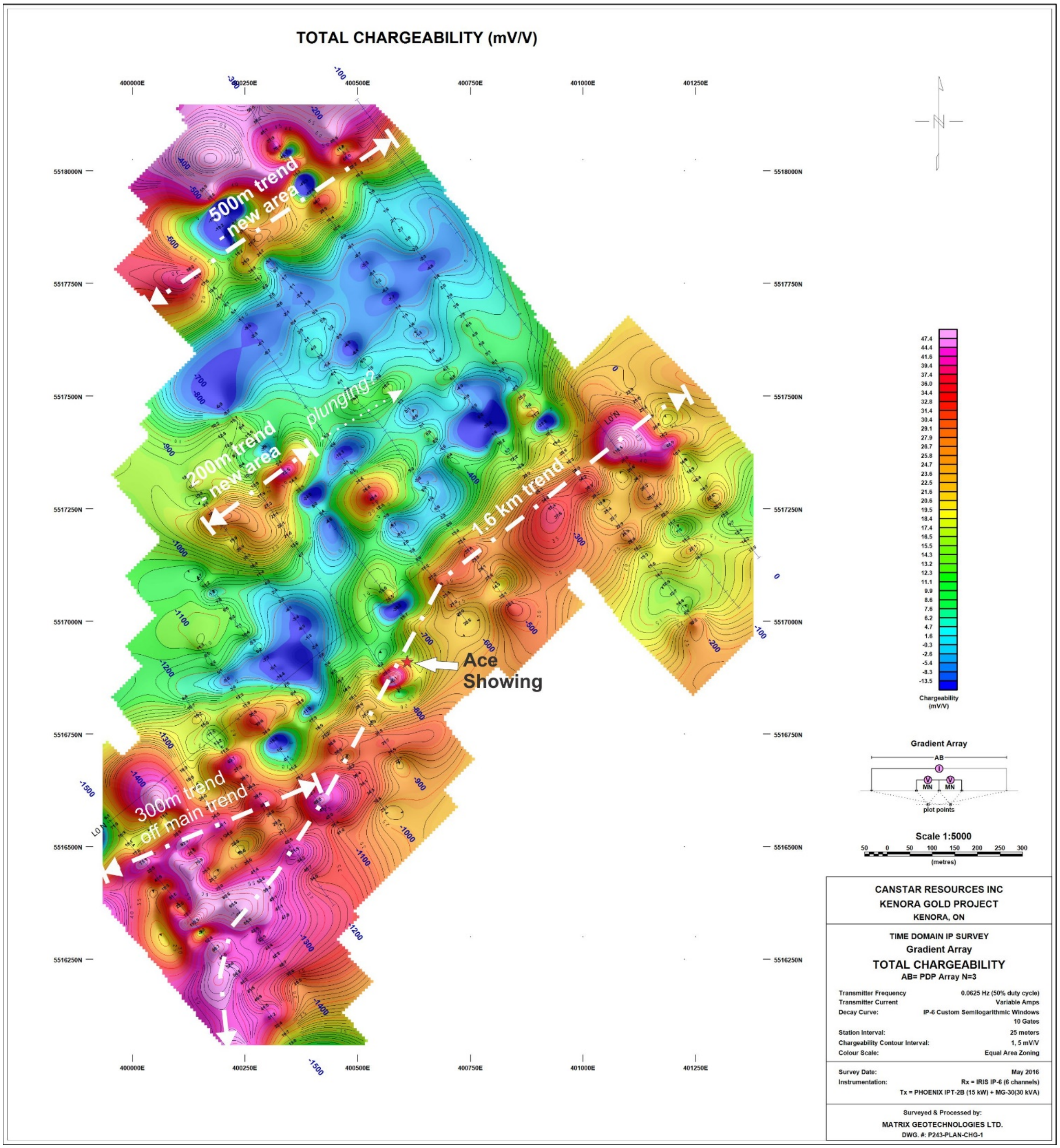


Figure 3. Colour contoured chargeability map for induced polarization survey showing observed trends

The Kenora Gold Project represents an area of historic mining during the 19th and early 20th century, and has seen little exploration since that time. During its time of production, the area accounted for 55% of gold production in Ontario. Geologically the properties occur near the boundary of the English River and Wabigoon subprovinces. Gold occurrences on the Project are typically high-grade and associated with regionally extensive shear zones, as well as dilational breccias. Historic production in the area reports gold values ranging from 56 g/t to 186 g/t. Very little modern exploration has been conducted on the project and Management feels there is strong potential for the area to host numerous, significant deposits . Many of the reported occurrences occur along the same structure, demonstrating potential mineralization over several kilometers.

Previous highlights from exploration on the property include:

- 10 of 89 samples returned high gold values ranging from 2.9 to 68.0 g/t
- 5 samples returned very high gold values ranging from 18.5 to 68.0 g/t
- The discovery of a new high grade showing yielding grab samples up to 283.3 g/t gold
- 20 of 168 grab samples returning gold values greater than 1 g/t
- An 18.0 wide meter channel containing 2.0 g/t gold including 5.0 meters containing 6.8 g/t gold on its Aviator trend
- A 2.7 meter long select chip sample containing 5.0 g/t gold on its Hilly Lake trend
- A 1.4 meter wide channel containing 1.8 g/t gold on its Black Sturgeon trend
- Discovery of a new showing parallel to the Aviator trend containing a select channel sample of 0.7 meters containing 1.7 g/t dubbed “Avro East”
- Grab samples containing 65.1 g/t and 8.4 g/t Au taken just south of the Company’s Main Showing (“Ace”) which returned 2.0 g/t Au over 18m (see December 3rd, 2015 press release);
- A 3.46 g/t Au grab sample taken from a highly altered and rusted zone proximal Ace Showing (required follow-up);
- Several test channels on the Aviator Trend containing up to 1.67 g/t Au over 0.7 meters.
- A new sulphide zone discovered 25 meters west of the Ace Showing

The Ace Showing on the Aviator trend have been trenched as has the Westin Showing on the Westin Trend. Both areas returned significant results and confirmed the presence of extensive and high-grade gold mineralized systems, including a 29.3 meter section (true width) averaging 3.1 g/t at surface over the Ace showing and two samples returning greater than 10 g/t gold on the Westin trend. Results from the Ace Showing followed up on the discovery of an 18.3 meter channel sample discovered in 2015 (see news release dated December 3rd, 2015). At the time, the length of this sample was limited by a lack of outcrop exposure. The latest trenching has allowed for greater exposure, and the Company has extended this channel to either side and are hoping these widths can be duplicated or extended with its upcoming drilling program.

Canstar earned a 100% interest in the Kenora Project by making cash payments totalling $18,200 over a two year term (paid in 2014 and 2015), and issuing 200,000 common shares upon the second anniversary (issued in 2016). The Optionors will maintain a 3% net smelter royalty ('NSR'), subject to a buy-back right of $1,000,000 for the first 1.5% and $3,000,000 for the remaining 1.5%, which would reduce the NSR to 0%. The agreement was subject to regulatory approval.

	Mary March Property $	Kenora Property $	Total $
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2014	$ 65,884	$ 9,100	$ 74,984
Incurred	-	9,100	9,100
Balance, June 30, 2015	$ 65,884	$ 18,200	$ 84,084
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2014	1,749,990	8,300	1,758,290
Access	12,633	40,407	53,040
Administrative	500	-	500
Assaying	47,204	24,819	72,023
Drilling	156,586	-	156,586
Field supplies	3,745	421	4,166
Geophysics and exploration	41,400	-	41,400
Labour and supervision	18,068	300	18,368
Travel	34,883	3,532	38,415
Government assistance	(95,143)	-	(95,143)
Balance, June 30, 2015	1,969,866	77,779	2,047,645
Total, June 30, 2015	$2,035,750	$ 95,979	$ 2,131,729

	Mary March Property $	Kenora Property $	Total $
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2015	$ 65,884	$ 18,200	$ 84,084
Common shares issued	-	8,000	8,000
Balance, June 30, 2016	**$ 65,884**	**$ 26,200**	**$ 92,084**
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2015	1,969,866	77,779	2,047,645
Access	8,124	79,289	87,413
Assaying	-	24,966	24,966
Field supplies	-	60,550	60,550
Geological consulting	-	64,125	64,125
Geophysics and exploration	9,100	-	9,100
Geophysics surveys	-	83,294	83,294
Labour and supervision	-	60,710	60,710
Travel	-	43,339	43,339
Balance, June 30, 2016	1,987,090	494,052	2,481,142
Total, June 30, 2016	**$ 2,052,974**	**$ 520,252**	**$ 2,573,226**

SELECTED ANNUAL FINANCIAL INFORMATION

Fiscal Year	2016	2015	2014
Operating expenses	$271,928	$278,735	$367,073
Loss from operations	271,928	278,735	367,073
Net loss for the year	241,811	272,005	347,873
Loss per share – basic and diluted	0.00	0.00	0.00
Total assets	2,928,772	2,595,647	2,854,717
Total liabilities	95,313	84,006	109,895

RESULTS OF OPERATIONS

Three months ended June 30, 2016 compared to three month ended June 30, 2015

Total operating expenses were $48,620 for the three months ended June 30, 2016 compared to $86,883 in the comparative period, a decrease of $38,263. Net loss for the three months ended June 30, 2016 was $48,620 compared to $85,743, a decrease of $37,123. The main reasons for the change was a $ 37,201 reduction in share based payments in the three months ended June 30, 2016 compared to the three months ended June 30, 2015, as a result of no stock-based compensation in the current period and $24,999 in management fees capitalized to interest in exploration properties and deferred exploration expenditures in fiscal 2016 as more time was spent on the properties during fiscal 2016. This decrease is offset by an increase in accounting fees of $16,680 as a result of year-end accruals.

Year ended June 30, 2016 compared to year ended June 30, 2015

The net loss for the year ended June 30, 2016 was $241,811 compared to $272,005 for the year ended June 30, 2015. Expenses decreased by $30,194. The major decreases were in management fees (decrease of $48,189 as a result of $49,999 in management fees being capitalized to interest in exploration properties and deferred exploration expenditures during fiscal 2016 as more time was dedicated to the properties) and renunciation of the flow-through expenditures which resulted in a flow-through premium of $23,863 during fiscal 2016 as compared to $nil in fiscal 2015. The decrease was partially offset by an increase in share-based compensation of $13,586 and an increase in professional fees of $18,377 relating primarily to an increase in accounting fees.

SUMMARY OF QUARTERLY RESULTS [(1)]

The following table sets out selected quarterly results of the Company for the eight quarters prior to the effective date of this report. The information contained herein is drawn from the audited annual financial statements and unaudited interim financial statements of the Company.

Calendar Year	2016	2016	2015	2015
Quarter	June 30,	March 31,	December 31,	September
Revenue	$nil	$nil	$nil	$nil
Working capital	258,776	397,162	522,478	281,386
Interest in exploration properties and deferred exploration and evaluation expenditures	2,573,226	2,319,238	2,208,393	2,177,346
Expenses	48,620	46,543	108,397	68,368
Net loss	48,620	22,562	102,261	68,368
Net loss per share (1)	0.00	0.00	0.00	0.00

Calendar Year	2015	2015	2014	2014
Quarter	June 30,	March 31,	December 31,	September
Revenue	$nil	$nil	$nil	$nil
Working capital	378,092	365,389	495,890	607,549
Interest in exploration properties and deferred exploration and evaluation expenditures	2,131,729	2,193,999	2,127,987	2,079,339
Expenses	86,883	65,060	68,389	58,403
Net loss	85,743	64,646	63,938	57,678
Net loss per share (1)	0.00	0.00	0.00	0.00

Notes:

(1) Net loss per share on a diluted basis is the same as basic net loss per share, as all factors which were considered in the calculation are anti-dilutive.

RELATED PARTY TRANSACTIONS

During the year ended June 30, 2016, the Company incurred $20,838 (2015 - $20,838) for rent charged by a corporation of which the Chairman of the Board and the President are directors of the Company.

The remuneration of directors and key management during the years ended June 30, 2016 and 2015 were as follows:

	2016 ($)	2015 ($)
Short-term benefits	103,794	102,728
Share-based payments	53,550	39,964
	157,344	142,692

During the year ended June 30, 2016, $50,000 (2015 - $nil) of short-term benefits was capitalized as deferred exploration expenditures and $53,794 (2015 - $102,728) was included in management fees.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive or non-executive) of the Company.

During the year ended June 30, 2016, the Company incurred $22,500 (2015 - $nil) for professional fees charged by Peterson & Company LLP, a law firm of which a director is a partner. Of this amount, $12,154 (2015 - $nil) has been included in share issue costs in relation to these fees.

During the year ended June 30, 2016, officers and directors of the Company acquired 1,283,333 units of the private placement (Note 6) for gross proceeds of $77,000. As at June 30, 2016, the directors of the Company together control 6,632,847 (2015 – 2,349,514) common shares or approximately 3.94% of the total common shares outstanding. To the knowledge of directors and officers of Canstar, the remainder of the Company’s outstanding common shares are widely held.

LIQUIDITY

As at June 30, 2016, the Company had working capital of $258,776 compared to a working capital of $378,092 at June 30, 2015. The Company has no revenue from operations and is dependent on financings for working capital.

The Company’s operating costs are expected to remain approximately the same during the remainder of calendar 2016, while exploration costs will depend on the exploration program budget as approved by the directors.

WORKING CAPITAL RESOURCES

Additional financings will be required to fund future exploration and for working capital purposes.

Most of the Company’s requirements for capital to maintain its ownership level in its properties, as well as pay for exploration expenditures and administrative expenses have been met through the completion of private placements and the exercise of stock options and warrants. Typically, these monies have come from institutional and high net worth investors and the amounts raised have been a function of the level of market interest in the junior resource industry as well as the general level of interest in the equity and mineral commodity markets. The Company will have to rely on further equity financings in order to maintain an adequate liquidity base with which to support its general operations and exploration and development mandate.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer other mining companies the opportunity to acquire interests in any of its properties in return for funding by such companies of all or part of the exploration and development of such properties. For the funding of any property acquisitions or exploration conducted by the Company, the Company depends on the issue of shares from treasury to investors. Such financing will depend, in turn, on various factors, such as a positive mineral exploration climate, positive stock market conditions, the Company's track record and the experience of management. If such financing is unavailable for any reason, the Company may become unable to retain its mineral interests and carry out its business plan.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed acquisitions or dispositions being contemplated by the Company as at the date of this report.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of the recoverable value of its mineral properties and related deferred exploration and evaluation expenditures, as well as the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes option pricing model. However, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of its recorded value of its mineral properties and associated deferred exploration and evaluation expenses is based on current market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

FUTURE ACCOUNTING CHANGES

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective in future periods. These include:

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 3. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 11 – Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

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

Flow-Through commitment

Pursuant to the issuance of 6,103,333 flow-through shares in December 2015, the Company is required to incur qualifying expenditures of approximately $366,200 by December 31, 2016. As of June 30, 2016, the Company has met its flow-through commitment in relation to this financing. The Company has indemnified the subscribers for any tax related amounts that become payable by the subscriber as a result of the Company not meeting its expenditure commitments.

Pursuant to the issuance of 1,158,334 flow-through shares in May 2016, the Company is required to incur qualifying expenditures of approximately $69,500 by December 31, 2017. As of June 30, 2016, the Company is committed to incur $69,500 by December 31, 2017. The Company has indemnified the subscribers for any tax related amounts that become payable by the subscriber as a result of the Company not meeting its expenditure commitments.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, foreign exchange rate and price risk) and credit risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable and prepaid expenses is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2016, the Company had a cash and cash equivalents balance of $214,898 (2015 - $52,185) to settle current liabilities of $95,313 (2015 - $84,006). The Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing (Note 1). Management is continuing to pursue various financing initiatives in order to provide sufficient cash flow to finance operations as well as funding its exploration expenditures. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company has cash, cash equivalents and short-term investment balances subject to interest. Management does not believe the Company is exposed to significant interest rate risk.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign exchange risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.Fair value

Sensitivity Analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

Cash, cash equivalents and short-term investments are invested with a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. Sensitivity to a plus or minus 1% change in rates, based on the balance of cash, cash equivalents and short-term investments at June 30, 2016, would affect the net loss by plus or minus $3,100 during a twelve month period.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

CAPITAL MANAGEMENT

When managing capital, the Company’s objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which is comprised of capital stock, share purchase warrants, broker compensation warrants, contributed surplus and deficit.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
(ii) minimizing discretionary disbursements;
(iii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iv) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not subject to any capital requirements imposed by a regulator or lending institution body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. The Company expects that its current capital resources are sufficient to discharge its liabilities as at June 30, 2016. The Company will, in all likelihood, raise capital by public or private placements in fiscal 2017 for any future exploration.

SHARE CAPITAL

Pursuant to a resolution approved at the 2012 AGM and approved by the TSX, the Company’s stock option plan limit is a maximum issuance of 15,000,000 shares.

On December 11, 2014, the Company granted 2,750,000 stock options to certain directors, officers and consultants of the Company, subject to shareholder and regulatory approval. Each stock option would allow the holder to acquire one common share of the Company at an exercise price of $0.05 for a period of 5 years. On December 16, 2015, the grant received shareholder and regulatory approval. A grant date fair value of $90,750 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 0.71%; expected life of 4 years; and an expected volatility of 114% based on the Company's historical trading data.

The total value of share-based payments expense for year ended June 30, 2016 was $53,550 (2015 - $39,964).

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options Granted	Exercisable Options	Exercise Price	Expiry Date
#	#	$	
2,175,000	2,175,000	0.18	April 24, 2017
300,000	300,000	0.18	April 25, 2017
100,000	100,000	0.20	August 10, 2017
500,000	500,000	0.10	May 1, 2018
100,000	100,000	0.10	July 17, 2018
2,450,000	2,450,000	0.05	December 11, 2019
5,625,000	5,625,000		

The weighted average exercise price of exercisable options as at June 30, 2016 was $0.12.

On December 23, 2015 and December 29 2015, the Company completed two tranches of a non-brokered private placement financing comprising an aggregate of 6,103,333 flow-through units at $0.06 per unit for gross proceeds of $366,200 of which $23,863 was allocated to the flow-through premium. Each unit consists of one flow-through common share and one common share purchase warrant.

Each warrant entitles the holder to purchase one common share of the Company for a period of 24 months after closing at a price of $0.10 in the first year after closing, and $0.175 in the second year after closing if the holder so elects. When the closing price on the TSX Venture Exchange of the shares equals or exceeds $0.175 per share in the first year after closing, or $0.25 per share in the second year after closing, for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants.

The grant date fair value of the warrants was estimated to be $96,640 net of issue costs of $1,564. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 130%, risk-free interest rate of 0.50%, and expected life of 2 years.

Finders fees of $1,100 were paid and 29,600 finders warrants were issued, valued at $1,062. The finders warrants are exercisable into units having the same terms as the private placement at an exercise price of $0.06 for a period of two years.

On February 26, 2016, the Company issued 200,000 common shares at a fair value of $0.04 per share pursuant to the acquisition of the Kenora Gold Project based on the quoted market price at the time of receipt.

On May 2, 2016, the Company completed a non-brokered private placement financing comprising an aggregate of 1,158,334 flow-through units and 1,881,866 hard-dollar units at $0.06 per unit for gross proceeds of $182,412. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each hard-dollar unit consists of one common share and one common share purchase warrant.

Each warrant entitles the holder to purchase one common share of the Company for a period of 24 months after closing at a price of $0.10 in the first year after closing, and $0.175 in the second year after closing if the holder so elects. When the closing price on the TSX Venture Exchange of the shares equals or exceeds $0.175 per share in the first year after closing, or $0.25 per share in the second year after closing, for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants.

The grant date fair value of the warrants was estimated to be $48,685 net of issue costs of $6,834. The fair value of the warrants on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 113%, risk-free interest rate of 0.58%, and expected life of 2 years.

Finders fees of $6,811 were paid and 181,626 share purchase warrants were issued, valued at $4,174. The finders warrants are exercisable into hard-dollar units having the same terms as the private placement at an exercise price of $0.06 for a period of two years.

On August 2, 2016, the Company closed a non-brokered private placement for gross proceeds of $1,043,795 through sale of 10,437,950 units at a price of $0.10 per unit. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each warrant shall entitle the holder to purchase one common share at a price of $0.15 per common share until December 31, 2017.

Finders fees of $6,000 were paid and 265,000 finders warrants were issued. The finders warrants are exercisable into units having the same terms as the private placement at an exercise price of $0.10 per warrant, expiring on December 31, 2017.

Warrants outstanding for the Company at the date of this MD&A were as follows:

Number of Warrants	Exercise Price	Expiry Date
#	$	
5,533,333	0.10	December 23, 2017
570,000	0.10	December 29, 2017
29,600	0.06 *	December 29, 2017
3,040,200	0.10	May 2, 2018
181,626	0.06 *	May 2, 2018
5,218,975	0.10	December 31, 2017
265,000	0.10 **	December 31, 2017
14,838,734	0.10	

* Each warrant is exercisable into one flow-through common share and one warrant exercisable into a common share at $0.10 for the first year and $0.175 for the second year.

** Each warrant is exercisable into one common share and one-half warrant exercisable into a common share at $0.10.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

- *Exploration Stage Company and Exploration Risks*

The Company is a junior resource company focused primarily on the acquisition and exploration of mineral properties located in Canada. The properties of the Company have no established reserves. There is no assurance that any of the projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves that are sufficient to commercially mine some of the Company's properties and to construct complete and install mining and processing facilities on those properties that are actually mined and developed.

- *No History of Profitability*

The Company is a development stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

- *Government Regulations*

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. In order for the Company to carry out its mining activities, its exploitation must be kept current. There is no guarantee that the Company's exploitation will be extended or that new exploitation will be granted. In addition, such exploitation could be changed and there can be no assurances that any application to renew any existing will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

- *Market Fluctuation and Commercial Quantities*

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

- *Mining Risks and Insurance*

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator if its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

- *Environmental Protection*

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

- *Capital Investment*

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be. Should the Company not be able to obtain such financing, its properties may be lost entirely.

- *Conflicts of Interest*

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matters in which they may have a conflict of interest.

- *Current Global Financial Conditions*

Current global financial conditions have been characterized by increased volatility, declining liquidity and the exit of a number of traditional investors from public markets. Access to public financing has been made more challenging by a global contraction of commercial and consumer credit markets. The ensuing decline in consumption has led to a marked erosion of investor confidence and risk tolerance. A major consequence/contributor to these factors may be seen in the unparalleled number of established financial institutions facing involuntary corporate reorganization, insolvency, bankruptcy and/or governmental intervention. While the most sensational of the corporate casualties have occurred in the United States, the global nature of today's economic reality has left no interrelated public market unscathed. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favorable to the Company or at all. Any or all of these economic factors, as well as other factors not specifically identified herein, may cause a decline in asset values that could be deemed to be other than temporary, resulting in impairment losses. If such conditions continue, the Company's operations could be negatively impacted, and the trading price of its common shares may be adversely affected.

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited annual financial statements do not contain any untrue statement of 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 is made, as of the date of and for the periods presented by the audited annual financial statements and (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the years presented.

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), the 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 the 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 52-1 09 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT OCTOBER 25, 2016)

The Company's authorized capital consists of an unlimited number of common shares without par value, of which 102,637,864 are issued and outstanding as of the date of this MD&A. On a fully diluted basis the Company has 123,101,598 common shares outstanding assuming the exercise of 5,625,000 outstanding stock options, 14,362,508 warrants and 476,226 finders' warrants.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in the Management Discussion and Analysis. A copy of this report will be provided to anyone who requests it.

OTHER MATTERS

Additional information relating to the Company can be found on SEDAR at www.sedar.com and the Company's website at www.canstarresources.com.

EXHIBIT "C"
FINANCIAL STATEMENTS OF ADVENTUS NEWFOUNDLAND CORPORATION

1. Audited Financial Statements for the year ended December 31, 2017 and unaudited Financial Statements for the 69-day period from October 24, 2016 to December 31, 2016

2. The unaudited condensed financial statements for the three months ended March 31, 2018 and 2017

3. Unaudited Carve out Financial Statements of Adventus Zinc (Newfoundland) Division, a division of Altius Resources Inc. for the period from January 1, 2016 to November 16, 2016 and the year ended December 31, 2015, as they relate to the Adventus Newfoundland Properties.

Adventus Newfoundland Corporation

Financial Statements
For the year ended December 31, 2017 and
the 69-day period from October 24 to December 31, 2016

Deloitte.

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Independent Auditor’s Report

To the Directors of Adventus Newfoundland Corporation

We have audited the accompanying financial statements of Adventus Newfoundland Corporation, which comprise the statement of financial position as at December 31, 2017, and the statement of net loss and comprehensive loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Adventus Newfoundland Corporation as at December 31, 2017, and its financial performance and its cash flows for the year ended December 31, 2017, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that Adventus Newfoundland Corporation relies on funding from its parent. This condition, along with other matters as set forth in Note 2, indicate the existence of material uncertainties that may cast significant doubt about the Adventus Newfoundland Corporation’s ability to continue as a going concern.

Comparative Information

We were not engaged to report on the comparative financial information, which comprises the statement of financial position as at December 31, 2016 and the statement of net loss and comprehensive loss, changes in equity and cash flows for the period from October 24 to December 31, 2016 and as such, it is unaudited.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 20, 2018
Toronto, Ontario

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Adventus Newfoundland Corporation

Statements of Financial Position
As at December 31,

(expressed in Canadian dollars)	Notes		2017		2016 (unaudited)
ASSETS					
Non-current assets					
Exploration and evaluation assets	6	$	1,229,799	$	713,789
Total non-current assets		$	1,229,799	$	713,789
TOTAL ASSETS		$	1,229,799	$	713,789
LIABILITIES					
Non-current liabilities					
Amounts due to Adventus Zinc	2, 9	$	516,734	$	-
Total non-current liabilities		$	516,734	$	-
Equity					
Share capital		$	713,789	$	713,789
Retained deficit			(724)	$	-
Total equity		$	713,065	$	713,789
TOTAL LIABILITIES AND EQUITY		$	1,229,799	$	713,789

Adventus Newfoundland Corporation

Statements of Net Loss and Comprehensive Loss

For the

(expressed in Canadian dollars, except per share amounts)	Notes		Year ended December 31, 2017		Period from October 24 to December 31, 2016 (unaudited)
Revenue		$	-	$	-
Expenses					
General and administrative			(724)		-
Loss before income taxes		$	(724)	$	-
Income tax expense		$	-	$	-
Net loss and comprehensive loss		$	(724)	$	-
Basic and diluted earnings per share		$	(0.0)	$	(0.0)
Weighted average number of shares					
Basic and diluted			3,570,001		1,190,001

Adventus Newfoundland Corporation

Statements of Changes in Equity

(expressed in Canadian dollars, except share amounts)	Notes	Number of shares		Share Capital		Retained Deficit		Total shareholder's equity
Issued on incorporation, October 24, 2016 (unaudited)		1	$	1	$	-	$	1
Shares issued for Newfoundland properties	1, 6, 8	3,570,000		713,788		-		713,788
Net loss and comprehensive loss				-		-		-
Balance, December 31, 2016 (unaudited)		3,570,001	$	713,789	$	-	$	713,789
Net loss and comprehensive loss		-	$	-	$	(724)	$	(724)
Balance, December 31, 2017		3,570,001	$	713,789	$	(724)	$	713,065

Adventus Newfoundland Corporation

Statements of Cash Flows

(expressed in Canadian dollars)	Notes		Year ended December 31, 2017		Period from October 24 to December 31, 2016 (unaudited)
Operating activities					
Net loss		$	(724)	$	-
Cash used in operating activities		$	(724)	$	-
Financing activities					
Advance from Adventus Zinc	8, 9		724		-
Cash provided by financing activities		$	724	$	-
Net increase in cash			-		-
Cash, beginning of period			-		-
Cash, end of period		$	-	$	-

Related party non-cash investing and financing transactions (Note 9).

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Adventus Newfoundland Corporation ("Adventus NL" or "the Corporation") is a mineral exploration and development company that is focused on the exploration and development of the properties, and specifically its core assets, the Buchans property and other properties located in Newfoundland and Labrador, Canada (the "Newfoundland Properties").

The Corporation was incorporated on October 24, 2016 pursuant to the Corporations Act (Newfoundland and Labrador) and its registered office is at 66 Kenmount Road, Suite 202, St. John's, NL, A1B 3V7, while its head office is at 707-438 King Street West, Toronto, ON, M5V 3T9.

The Corporation was formed as a strategic initiative to acquire and focus efforts on zinc properties, specifically acquiring significant zinc development projects held by major mining companies. Pursuant to an agreement of purchase and sale (the "Newfoundland Properties Agreement") dated November 16, 2016 between Altius Resources Inc. ("Altius") and the Corporation, then a wholly-owned subsidiary of Altius, Altius transferred to the Corporation the Newfoundland Properties, subject to the retention of a 2% net smelter returns royalty by Altius, in exchange for common shares of the Corporation. This was accounted for as an asset acquisition under common control. The Corporation and Altius also entered into a royalty agreement dated November 16, 2016 (the "Newfoundland Royalty Agreement") setting forth the terms under which Altius retains such 2% net smelter returns royalty on production of mineral products from the Newfoundland Properties, subject to reduction for underlying royalty obligations on certain claims forming part of the Katie project which the Corporation has acquired. The Newfoundland Royalty Agreement provides for an area of interest around each of the Newfoundland Properties and prohibits the granting of further royalties on the Newfoundland Properties.

Following the acquisition of the Newfoundland Properties, Altius and Adventus Zinc Corporation ("Adventus Zinc") entered into an agreement of purchase and sale dated December 9, 2016 pursuant to which the Adventus Zinc acquired all of the outstanding shares of the Corporation from Altius in consideration of the issuance of 3,570,000 Common Shares to Altius. As a result, the Corporation became a wholly-owned subsidiary of Adventus Zinc.

The Corporation's financial statements were authorized for issue by the Board OF Adventus Newfoundland Corporation on June 20, 2018.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars, unless otherwise stated.

Going concern

These financial statements have been prepared on a going concern basis. The Corporation reported net losses of $724 and $nil (unaudited) for the year ended December 31, 2017 and the 69-day period from October 24 to December 31, 2016 respectively. The Corporation relies on funding from its parent, Adventus Zinc, and its ability to continue operations in the normal course of business is dependent on several factors, including the ability of the Corporation and Adventus Zinc to secure funding.

2. BASIS OF PRESENTATION (CONTINUED)

Management is exploring all available options to secure funding, including equity financing and strategic partnerships. There exists an uncertainty as to the ability of the Corporation and its parent, Adventus Zinc, to raise additional funds on favourable terms. In addition, the recoverability of the amount shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Corporation to obtain financing to continue to perform exploration activity or complete the development of the properties where necessary, or alternatively, upon the Corporation's ability to recover its incurred costs through a disposition of its interests, all of which are uncertain. These material uncertainties may cast significant doubt as to the ability of the Corporation to continue as a going concern.

These financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to statement of loss and comprehensive loss that might be necessary if the Corporation was unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

The Corporation determines the classification of financial assets and financial liabilities at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition. The classification depends on the purpose for which the financial instruments were acquired, and their characteristics and/or management's intent. Transaction costs with respect to instruments not classified as fair value through profit or loss are recognized as an adjustment to the cost of the underlying instruments and amortized using the effective interest method.

The financial instruments are classified in the following categories:

Financial liabilities

Other-financial-liabilities, measured at amortized cost:

- Amounts due to Adventus Zinc

Amounts due to Adventus Zinc - These amounts are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities - A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within financing income and financing expense respectively.

Exploration and evaluation assets

The Corporation defers costs for mineral properties and exploration costs when it has in its possession the legal right to explore for mineral deposits on a given property. General prospecting and exploration costs incurred prior to the staking of specific mineral claims are expensed immediately. Exploration and evaluation assets include the direct costs of acquiring, maintaining, exploring and developing properties, an allocation of geologists' and prospectors' salaries based on time spent, and other costs directly related to specific properties. Mineral properties acquired for share consideration are recorded at the fair value of the mineral properties received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any government grants received in respect of a property will be applied to reduce the carrying value of the property when the amounts are received.

Incidental revenue and cost recoveries relating to exploration and evaluation assets are recorded first as a reduction of the specific exploration and evaluation assets to which the fees and payments relate, and any excess as other revenue on the statement of net loss and comprehensive loss.

Management reviews the carrying values of exploration and evaluation assets' costs on a quarterly basis. A decision to abandon, reduce or expand activity on a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases, and the general likelihood that the Corporation will continue exploration on the project. The Corporation does not set a pre-determined holding period for properties with unproven reserves. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if further exploration is warranted and if there is an indication of impairment.

At each reporting date the carrying amounts of long lived assets are reviewed to determine whether there is any indication that those assets are impaired. The recoverable amount is the higher of fair value less costs of disposal and value in use, which is the present value of future cash flows expected to be derived from the asset.

If a mineral property is abandoned, or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against earnings in the year of abandonment or determination of impairment. The amounts recorded as exploration and evaluation assets represent unamortized costs to date and do not necessarily reflect present or future values.

The accumulated costs of exploration and evaluation assets that are developed to the stage of technical feasibility and commercial viability will be amortized to operations on a units-of-production basis over the life of the economically recoverable reserves.

Income taxes

The Corporation follows the asset and liability method of accounting for deferred income taxes. Under this method, deferred income taxes are recognized based on the expected future tax consequences of unused tax losses, unused tax credits, and differences between the carrying amount of statement of financial position items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse. Deferred income tax assets are recognized to the extent it is probable they will be realized.

Earnings (loss) per share

Basic net earnings (loss) per share is calculated using the weighted average number of common shares outstanding for the respective periods.

Diluted earnings (loss) per share is calculated using the treasury stock method, whereby it is assumed that proceeds received on the exercise of in-the-money stock options, if any, are used to repurchase the Corporation's shares at the average market price during the period.

4. CRITICAL ACCOUNTING ESTIMATES

Significant judgements

Economic recoverability and probability of future economic benefits of exploration and evaluation costs: the Corporation has determined that exploration drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgical information, scoping and feasibility studies, accessible facilities, and existing permits.

Critical estimates

Income taxes: The Corporation has available unused operating losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

5. FUTURE ACCOUNTING PRONOUNCEMENTS

The following standards and amendments to standards are effective for annual reporting periods beginning on or after January 1, 2018 or later, with earlier adoption permitted.

IFRS 9 - Financial Instruments was issued by the IASB on July 24, 2014 and will replace *IAS 39, "Financial instruments: recognition and measurement"* (IAS 39). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how

an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Corporation has adopted IFRS 9 with a date of initial adoption of January 1, 2018. The standard has been applied retrospectively using the available transitional exemptions. Under this approach, the 2017 comparative period would not be restated and a cumulative transitional adjustment to the opening retained deficit balance would be recognized at January 1, 2018.

Other than a change in classification for the amount owing to Adventus Zinc, there was no impact on the Corporation's condensed financial statements upon adoption of this standard.

IFRS 15 - Revenue from Contracts with Customers. This standard is effective for annual periods beginning on or after January 1, 2018 and provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Corporation adopted IFRS 15 for the year beginning on January 1, 2018. The Corporation has no revenue and therefore there is no impact on the Corporation's condensed financial statements upon adoption of this standard.

IFRS 16 – Leases: This standard was issued by the IASB on January 13, 2016, and will replace IAS 17 "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged. The new standard is effective for annual periods beginning on or after January 1, 2019.

The Corporation has not early adopted *IFRS 16* and is currently assessing the impact it will have on these financial statements.

6. EXPLORATION AND EVALUATION ASSETS

The Corporation acquires exploration and evaluation assets through staking and from third party vendors. In addition, the Corporation may sell some or a portion of its exploration and evaluation to third parties in exchange for exploration expenditures, royalty interests, cash, and share-based payments.

Newfoundland Project (expressed in Canadian dollars)	**Notes**		**As at December 31, 2016**		**Additions, net of recoveries**		**At December 31, 2017**
Projects							
Buchans		$	517,268	$	447,169	$	964,437
Katie			189,169		46,455		235,624
La Poile			5,252		6,641		11,893
Security Deposits			2,100		15,745		17,845
Total		$	713,789	$	516,010	$	1,229,799

Newfoundland Project (expressed in Canadian dollars)	**Notes**		**As at October 24, 2016**		**Acquisitions**		**At December 31, 2016 (unaudited)**
Projects							
Buchans		$	-	$	517,268	$	517,268
Katie			-		189,169		189,169
La Poile			-		5,252		5,252
Security Deposits			-		2,100		2,100
Total		$	-	$	713,789	$	713,789

7. INCOME TAXES

(a) Deferred Income Taxes

Tax-effected deductible temporary differences related to unused tax losses for which no deferred tax assets have been recognized amount to $210 for the year ended December 31, 2017 and $nil (unaudited) for the 69-day period from October 24 to December 31, 2016. The realization of benefits related to these future potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no deferred income tax asset has been recognized for accounting purposes.

The Corporation has non-capital losses totalling $724. These losses may be carried forward and applied against taxable income in future years. These losses, if utilized, will expire in 2037 or later.

7. INCOME TAXES (CONTINUED)

(b) Income Tax Rate

The Corporation’s effective tax rate differs from the statutory rate 29% as follows:

(expressed in Canadian dollars)		2017		2016 (unaudited)
Expected tax recovery	$	210	$	-
Non recognition of deferred tax assets related to unused tax losses	$	(210)	$	-
Recovery of deferred income taxes	$	-	$	-

8. SHARE CAPITAL

Authorized

Unlimited number of Common voting shares.

The directors are authorized to fix the number of shares and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares.

On December 9, 2016, the Corporation issued 3,570,000 shares in exchange for the transfer of exploration and evaluation assets of $713,788 (unaudited).

Net loss per share

Basic and diluted net loss per share were calculated using the weighted average number of common shares for the respective periods. There are no stock options or other instruments. As such, there is no difference between basic and diluted net loss per share.

9. RELATED PARTY TRANSACTIONS

On November 16, 2016, the Corporation, then a wholly owned subsidiary of Altius, signed the Newfoundland Properties Agreement and the Newfoundland Royalty Agreement with Altius for the acquisition of the Newfoundland Properties. The transaction was measured at fair value.

During the year ended December 31, 2017, the Corporation incurred charges of $69,802 (2016: $NIL - unaudited) from Altius Minerals Corporation and or its subsidiaries for management fees, technical consulting and exploration related fees. These were capitalized to exploration and evaluation assets in accordance with the Corporation’s accounting policies.

During the year ended December 31, 2017, the Corporation’s investments of $516,010 in exploration and evaluation assets, net of recoveries (2016: 713,788 - unaudited) was directly funded by its parent Adventus Zinc and hence is reflected as a non-cash investing and financing transaction in the statement of cash flow, and from the net proceeds from issuance of shares of $NIL (2016: $713,788 - unaudited).

At the end of December 31, 2017, an amount of $516,734 (2016: $NIL - unaudited) is owing to Adventus Zinc. The amount due is non-interest bearing and has no fixed term of payment, however Adventus Zinc has agreed in writing that the amount will not be due within the next 12 months.

These transactions are in the normal course of operations and are measured at fair value.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation has classified its financial instruments as follows:

(expressed in Canadian dollars)	December 31, 2017	December 31, 2016 (unaudited)
Financial liabilities		
Other financial liabilities, measured at amortized cost		
Amounts due to Adventus Zinc	$ 516,734	$ -

Risk Management

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and, where the exposure is deemed too high, the Corporation may enter into derivative contracts to reduce this exposure. The Corporation does not utilize derivative financial instruments for trading or speculative purposes. Hedge accounting is applied only when appropriate documentation and effectiveness criteria are met.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation's only payable is the amount due to its parent, Adventus Zinc (note 9). The Corporation manages liquidity risk through a cash flow model, an annual budget and ongoing monitoring of expenses and capital expenditures to ensure it has sufficient liquidity to meet its business requirements as they come due.

11. CAPITAL MANAGEMENT

The Corporation defines its capital as its total equity attributable to its shareholder. The Corporation's objectives when managing capital is to maintain financial liquidity and flexibility to preserve its ability to meet financial obligations and to ensure that sufficient capital and access to capital for potential growth and to pursue generative exploration opportunities.

The Corporation does not have any externally imposed restrictions.

12. COMMITMENTS

Mineral property expenditures

The Corporation has obtained various mineral rights licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance, in order to maintain the licenses in good standing and for refund of security deposits. On or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, post a refundable security bond for the deficient amount or elect to allow title of the license by cancelled. The Corporation Is required to spend $35,642 by December 31, 2018 in order to maintain various licenses in good standing. The Corporation relies on funding from its parent, Adventus Zinc, and its ability to continue operations in the normal course of business is dependent on several factors, including the ability of the Corporation and Adventus Zinc to secure funding (note 1).

13. SUBSEQUENT EVENTS

On February 21, 2018, Canstar Resources Ltd. ("Canstar"), Adventus Zinc and Altius announced that they had entered into a three-way definitive agreement (the "Transaction") dated February 20, 2018, whereby Canstar will acquire the Corporation and the Daniel's Harbour Zinc Project from Altius in exchange for (i) the issuance of common shares of Canstar to Adventus Zinc and Altius; and (ii) a funding commitment from Altius of $500,000 as part of a $750,000 private placement.

The Department of Natural Resources ("DNR") of the Government of Newfoundland and Labrador has a Junior Exploration Assistance Program ("JEA") under which junior exploration companies can apply for a non-refundable grant on refund of eligible exploration expenditures on approved programs in the province. Technical reports that were submitted for the program were validated by the DNR and validated programs would proportionately share the government grant. The Corporation applied for its 2017 expenditures in respect of the Buchans project. There was no assurance that the technical report will be successfully validated for the grant nor was there any certainty as to the amount that would be granted should it be successfully validated. An amount of $70,131 was refunded to the Corporation in May 2018 under this program.

Adventus Newfoundland Corporation

Unaudited Condensed Financial Statements
For the Three Months ended March 31, 2018 and 2017

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Adventus Newfoundland Corporation

Unaudited Condensed Statements of Financial Position
As at

(expressed in Canadian dollars)	Notes		March 31, 2018		December 31, 2017
ASSETS					
Non-current assets					
Exploration and evaluation assets	4	$	1,234,227	$	1,229,799
Total non-current assets		$	1,234,227	$	1,229,799
TOTAL ASSETS		$	1,234,227	$	1,229,799
LIABILITIES					
Non-current liabilities					
Amounts due to Adventus Zinc	2, 5	$	521,162	$	516,734
Total non-current liabilities		$	521,162	$	516,734
Equity					
Share capital		$	713,789	$	713,789
Retained deficit			(724)	$	(724)
Total equity		$	713,065	$	713,065
TOTAL LIABILITIES AND EQUITY		$	1,234,227	$	1,229,799

Adventus Newfoundland Corporation

Unaudited Condensed Statements of Net Loss and Comprehensive Loss
For the three months ended

(expressed in Canadian dollars, except per share amounts)	**Notes**		**March 31, 2018**		**March 31, 2017**
Revenue		$	-	$	-
Expenses					
General and administrative			-		-
Loss before income taxes		$	-	$	-
Income tax expense		$	-	$	-
Net loss and comprehensive loss		$	-	$	-
Basic and diluted earnings per share		$	0.00	$	0.00
Weighted average number of shares					
Basic and diluted			3,570,001		3,570,001

Adventus Newfoundland Corporation

Unaudited Condensed Statements of Changes in Equity

(expressed in Canadian dollars, except share amounts)	Notes	Number of shares		Share Capital		Deficit		Total shareholder's equity
Balance, January 1, 2017		3,570,001	$	713,789	$	-	$	713,789
Net loss and comprehensive loss				-		-		-
Balance, March 31, 2017		3,570,001	$	713,789	$	-	$	713,789
Net loss and comprehensive loss				-		(724)		(724)
Balance, December 31, 2017		3,570,001	$	713,789	$	(724)	$	713,065
Net loss and comprehensive loss		-		-		-		-
Balance, March 31, 2018		3,570,001	$	713,789	$	(724)	$	713,065

Adventus Newfoundland Corporation

Unaudited Condensed Statements of Cash Flows for the three months ended March 31,

(expressed in Canadian dollars)	**Notes**	**2018**	**2017**
Operating activities			
Net loss		$ -	$ -
Cash used in operating activities		$ -	$ -
Financing activities			
Advance from Adventus Zinc		-	-
Cash provided by financing activities		$ -	$ -
Net increase in cash		-	-
Cash, beginning of period		-	-
Cash, end of period		$ -	$ -

Related party non-cash investing and financing transactions (note 5).

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Adventus Newfoundland Corporation ("Adventus NL" or "the Corporation") is a mineral exploration and development company that is focused on the exploration and development of the properties, and specifically its core assets, the Buchans property and other properties located in Newfoundland and Labrador, Canada (the "Newfoundland Properties").

The Corporation was incorporated on October 24, 2016 pursuant to the Corporations Act (Newfoundland and Labrador) and its registered office is at 66 Kenmount Road, Suite 202, St. John's, NL, A1B 3V7, while its head office is at 707-438 King Street West, Toronto, ON, M5V 3T9.

On February 21, 2018, Canstar Resources Ltd. ("Canstar"), Adventus Zinc Corporation (the Corporation's parent) and Altius Resources Inc. (a related party) announced that they had entered into a three-way definitive agreement (the "Transaction") dated February 20, 2018, whereby Canstar will acquire the Corporation. The Transaction is expected to close around the end of June 2018.

The Corporation's condensed financial statements were authorized for issue by the Board of Adventus Newfoundland Corporation on June 20, 2018.

2. BASIS OF PRESENTATION

These condensed financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* using the same accounting policies and methods of computation as the Corporation's most recent annual financial statements, except as described in Note 3. These condensed financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars, unless otherwise stated.

Going concern

These financial statements have been prepared on a going concern basis. The Corporation reported net losses of $nil and $nil for the three months ended March 31, 2018 and 2017 respectively. The Corporation relies on funding from its parent, Adventus Zinc, and its ability to continue operations in the normal course of business is dependent on several factors, including the ability of the Corporation and Adventus Zinc to secure funding.

The recoverability of the amount shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Corporation to obtain financing to continue to perform exploration activity or complete the development of the properties where necessary, or alternatively, upon the Corporation's ability to recover its incurred costs through a disposition of its interests, all of which are uncertain. These material uncertainties may cast significant doubt as to the ability of the Corporation to continue operations.

These condensed financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to statement of loss and comprehensive loss that might be necessary if the Corporation was unable to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The following standards are effective for annual reporting periods beginning on or after January 1, 2018 or later, and have been adopted by the Corporation.

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB on July 24, 2014 and replaced *IAS 39, "Financial instruments: recognition and measurement"* (IAS 39). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.

The Corporation has adopted IFRS 9 with a date of initial adoption of January 1, 2018. The standard has been applied retrospectively using the available transitional exemptions. Under this approach, the 2017 comparative period would not be restated and a cumulative transitional adjustment to the opening retained deficit balance would be recognized at January 1, 2018.

Other than a change in classification for the amount owing to Adventus Zinc, there was no impact on the Corporation's condensed financial statements upon adoption of this standard.

IFRS 15 - Revenue from Contracts with Customers. This standard is effective for annual periods beginning on or after January 1, 2018 and provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Corporation adopted IFRS 15 for the year beginning on January 1, 2018. The Corporation has no revenue and therefore there is no impact on the Corporation's condensed financial statements upon adoption of this standard.

4. EXPLORATION AND EVALUATION ASSETS

The Corporation has the following exploration and evaluation assets.

(expressed in Canadian dollars)	Notes	As at December 31, 2017	Additions, net of recoveries	At March 31, 2018
Projects				
Buchans		$ 964,437	$ 1,914	$ 966,351
Katie		235,624	2,068	237,692
La Poile		11,893	446	12,339
Security Deposits		17,845	-	17,845
Total		$ 1,229,799	$ 4,428	$ 1,234,227

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Project (expressed in Canadian dollars)	**Notes**		**As at December 31, 2016**		**Acquisitions**		**At December 31, 2017**
Projects							
Buchans		$	517,268	$	447,169	$	964,437
Katie			189,169		46,455		235,624
La Poile			5,252		6,641		11,893
Security Deposits			2,100		15,745		17,845
Total		$	713,789	$	516,010	$	1,229,799

5. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2018, the Corporation incurred charges of $4,428 (March 31, 2017: $23,098) from Altius Minerals Corporation and or its subsidiaries for management fees, technical consulting and exploration related fees. These were capitalized to exploration and evaluation assets in accordance with the Corporation's accounting policies.

During the three months ended March 31, 2018, the Corporation's investments of $4,428 (March 31, 2017: $87,283) in exploration and evaluation assets, net of recoveries was directly funded by its parent Adventus Zinc and hence is reflected as a non-cash investing and financing transaction in the statement of cash flow. At the end of March 31, 2018, an amount of $521,162 (2016: $NIL) is owing to Adventus Zinc. The amount due is non-interest bearing and has no fixed term of payment, however Adventus Zinc has agreed in writing that the amount will not be due within the next 12 months.

These transactions are in the normal course of operations and are measured at fair value.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation has classified its financial instruments as follows:

(expressed in Canadian dollars)		**March 31, 2018**		**December 31, 2017**
Financial liabilities				
Measured at amortized cost				
Amounts due to Adventus Zinc	$	521,163	$	516,734

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are included in the annual financial statements for the year ended December 31, 2017.

7. COMMITMENTS

Mineral property expenditures

The Corporation has obtained various mineral rights licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance, in order to maintain the licenses in good standing and for refund of security deposits. On or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, post a refundable security bond for the deficient amount or elect to allow title of the license by cancelled. The Corporation is required to spend $30,099 by December 31, 2018 in order to maintain various licenses in good standing. The Corporation relies on funding from its parent, Adventus Zinc, and its ability to continue operations in the normal course of business is dependent on several factors, including the ability of the Corporation and Adventus Zinc to secure funding (note 1).

8. SUBSEQUENT EVENTS

The Department of Natural Resources ("DNR") of the Government of Newfoundland and Labrador has a Junior Exploration Assistance Program ("JEA") under which junior exploration companies can apply for a non-refundable grant on refund of eligible exploration expenditures on approved programs in the province. Technical reports that were submitted for the program were validated by the DNR and validated programs would proportionately share the government grant. The Corporation applied for its 2017 capitalized expenditures in respect of the Buchans project. There was no assurance that the technical report will be successfully validated for the grant nor was there any certainty as to the amount that would be granted should it be successfully validated. An amount of $70,131 was refunded to the Corporation in May 2018 under this program.

Adventus Zinc (Newfoundland) Division,
a Division of Altius Resources Inc.

Carve-Out Financial Statements
For the period from January 1, 2016 to November 16, 2016
and the year ended December 31, 2015
(Unaudited)

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Adventus Zinc (Newfoundland) Division

Carve-out Statements of Financial Position (unaudited)
As at

(expressed in Canadian dollars)	Notes	November 16, 2016	December 31, 2015
ASSETS			
Current assets			
Accounts receivable		$ -	$ 21,300
Total current assets		$ -	$ 21,300
Non-current assets			
Exploration and evaluation assets	6	$ 713,789	$ 465,063
Total non-current assets		$ 713,789	$ 465,063
TOTAL ASSETS		$ 713,789	$ 486,363
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ -	$ 42
Total non-current liabilities		$ -	$ 42
Owner's net investment			
Owner's net investment		$ 713,789	$ 486,321
Total Owner's net investment		$ 713,789	$ 486,321
TOTAL LIABILITIES AND OWNER'S NET INVESTMENT		$ 713,789	$ 486,363

Adventus Zinc (Newfoundland) Division

Carve-out Statements of Net Loss and Comprehensive Loss (unaudited)
For the

(expressed in Canadian dollars, except per share amounts)	**Notes**		**Period from January 1 to November 16, 2016**		**Year ended December 31, 2015**
Revenue		$	-	$	-
Expenses					
General and administrative	7	$	281,095	$	285,532
Loss before income taxes		$	281,095	$	285,532
Income tax expense		$	-	$	-
Net loss and comprehensive loss		$	281,095	$	285,532

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

Adventus Zinc (Newfoundland) Division

Carve-out Statements of changes in Owners' net investment (unaudited)

(expressed in Canadian dollars)		**Owner's net investment**
Balance, January 1, 2015	$	165,622
Net loss and comprehensive loss		(285,532)
Advances from owner		607,231
Balance, December 31, 2015	$	486,321
Net loss and comprehensive loss, January 1 to November 16, 2016		(281,095)
Advances from owner		508,563
Balance, November 16, 2016	$	713,789

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

Adventus Zinc (Newfoundland) Division

Carve-out Statements of Cash Flows (unaudited)

(expressed in Canadian dollars)	Notes		Period from January 1 to November 16, 2016		Year ended December 31, 2015
Operating activities					
Net loss		$	(281,095)	$	(285,532)
		$	(281,095)	$	(285,532)
Changes in non-cash operating working capital:					
Accounts receivable			21,300		(21,300)
Accounts payable			(42)		(2,252)
		$	21,258	$	(23,552)
Cash used in operating activities		$	(259,837)	$	(309,084)
Investing activities					
Exploration and evaluation assets, net of recoveries	6	$	(248,726)	$	(298,147)
Cash used in investing activities		$	(248,726)	$	(298,147)
Financing activities					
Owners net interest	8		508,563		607,231
Cash provided by financing activities		$	508,563	$	607,231
Net increase in cash			-		-
Cash, beginning of period			-		-
Cash, end of period		$	-	$	-

1. CORPORATE INFORMATION

The Adventus Zinc (Newfoundland) Division ("Adventus Zinc NFLD") is comprised of zinc exploration and evaluation properties in Newfoundland and Labrador, Canada held by Altius Resources Inc. ("Altius" or "Owner") and which were transferred to Adventus Newfoundland Corporation ("Adventus NL"). Adventus Zinc NFLD engages in the evaluation, acquisition, and exploration of mineral properties in Newfoundland and Labrador and was formed by Altius as a strategic initiative to acquire and focus efforts on the zinc properties.

Adventus Zinc NFLD's carve-out financial statements were authorized for issue by the Board of Adventus NL on June 20, 2018.

2. BASIS OF PRESENTATION

These carve-out financial statements reflect the historical financial position, financial performance, changes in owner's net investment and cash flows of Adventus Zinc NFLD that were transferred from Altius in exchange for shares in Adventus Zinc Corporation ("Adventus") (see Note 13). Altius has not prepared historical financial statements for Adventus Zinc NFLD and as a result the carve-out financial statements have been prepared from the financial records of Altius on a carve-out basis.

The carve-out statements of financial position include the assets and liabilities directly attributable to Adventus Zinc NFLD. Where assets and liabilities attributable to Adventus Zinc NFLD could not be specifically identified from the financial records, management has made adjustments to eliminate from the combined carve-out statements of financial position any portion not relating to Adventus Zinc NFLD. The carve-out statement of net loss and comprehensive loss for the period from January 1 to November 16, 2016 and the year ended December 31, 2015 reflect all expenses and other revenue directly attributable to Adventus Zinc NFLD and an allocation of Altius' general and administrative expenses incurred in each of those periods, as these expenditures were shared by Adventus Zinc NFLD. In some instances, certain expenses were not allocated as they would have related directly to Altius and not the zinc properties. The allocation of general and administrative expenses, from Altius, was based on the ratio of the balance of the total zinc properties as compared to the total exploration and evaluation assets in Newfoundland and Labrador. These allocations were applied consistently and systematically over the balances.

Because the Adventus Zinc NFLD is part of a corporate group, these carve-out financial statements depict the owners' net investment, representing the amount associated specifically with Altius. Management's estimates, when necessary, have been used to prepare such allocations.

These carve-out financial statements are not necessarily indicative of the results that would have been attained if Adventus Zinc NFLD had been operated as a separate legal entity during the periods presented and, therefore, are not necessarily indicative of future operating results.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars, unless otherwise stated.

2. BASIS OF PRESENTATION (CONTINUED)

Going concern

These financial statements have been prepared on a going concern basis. Adventus Zinc NFLD reported net losses of $281,095 and $285,532 for the period from January 1 to November 16, 2016 and the year ended December 31, 2015 respectively. The ability to continue operations in the normal course of business is dependent on several factors, including its ability to secure funding.

These financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to statement of loss and comprehensive loss that might be necessary if Adventus Zinc NFLD was unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Adventus Zinc NFLD determines the classification of financial assets and financial liabilities at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition. The classification depends on the purpose for which the financial instruments were acquired, and their characteristics and/or management's intent. Transaction costs with respect to instruments not classified as fair value through profit or loss are recognized as an adjustment to the cost of the underlying instruments and amortized using the effective interest method.

The financial instruments are classified in the following categories:

Financial assets

Loans and receivables, measured at amortized cost:

- Accounts receivables

Accounts receivables - Accounts receivables are initially recognized at fair value including direct and incremental transaction costs and are subsequently measured at amortized cost reduced for any impairment losses. A provision for impairment is established when there is objective evidence that an amount will not be collectible or, in the case of long term receivables, if there is evidence that the amount will not be collectible in accordance with payment terms.

Financial liabilities

Other-financial-liabilities, measured at amortized cost:

- Accounts payables

Accounts payables – Accounts payables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial assets and liabilities - A financial asset is derecognized when its contractual rights to the cash flows that compose the financial asset expire or substantially all the risks and rewards of the asset are transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within financing income and financing expense respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation assets

Adventus Zinc NFLD defers costs for mineral properties and exploration costs when it has in its possession the legal right to explore for mineral deposits on a given property. General prospecting and exploration costs incurred prior to the staking of specific mineral claims are expensed immediately. Exploration and evaluation assets include the direct costs of acquiring, maintaining, exploring and developing properties, an allocation of geologists' and prospectors' salaries based on time spent, and other costs directly related to specific properties. Mineral properties acquired for share consideration are recorded at the fair value of the mineral properties received.

Any government grants received in respect of a property will be applied to reduce the carrying value of the property when the amounts are received.

Incidental revenue and cost recoveries relating to exploration and evaluation assets are recorded first as a reduction of the specific exploration and evaluation assets to which the fees and payments relate, and any excess as other revenue on the statement of net loss.

Management reviews the carrying values of exploration and evaluation assets' costs on a quarterly basis. A decision to abandon, reduce or expand activity on a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases, and the general likelihood that Adventus Zinc NFLD will continue exploration on the project. Adventus Zinc NFLD does not set a pre-determined holding period for properties with unproven reserves. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if further exploration is warranted and if there is an indication of impairment.

At each reporting date the carrying amounts of long lived assets are reviewed to determine whether there is any indication that those assets are impaired. The recoverable amount is the higher of fair value less costs of disposal and value in use, which is the present value of future cash flows expected to be derived from the asset.

If a mineral property is abandoned, or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against earnings in the year of abandonment or determination of impairment. The amounts recorded as exploration and evaluation assets represent unamortized costs to date and do not necessarily reflect present or future values.

The accumulated costs of exploration and evaluation assets that are developed to the stage of technical feasibility and commercial viability will be amortized to operations on a units-of-production basis over the life of the economically recoverable reserves.

Income taxes

Adventus Zinc NFLD follows the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized based on the expected future tax consequences of unused tax losses, unused tax credits, and differences between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse. Deferred income tax assets are recognized to the extent it is probable they will be realized.

4. CRITICAL ACCOUNTING ESTIMATES

The preparation of carve-out financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the carve-out financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. These carve-out financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the carve-out financial statements, and may require accounting adjustments based on future occurrences.

Estimates and assumptions are continually evaluated and are based on historical experience, current and future economic conditions, and other factors, including expectations of events that are believed to be reasonable under the circumstances.

Significant judgements

In preparing these carve-out financial statements, the significant judgments made by management in applying Adventus Zinc NFLD's accounting policies and the key sources of estimation uncertainty include, but are not limited to, the following:

Significant judgements

Economic recoverability and probability of future economic benefits of exploration and evaluation costs: Adventus Zinc NFLD has determined that exploration drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgical information, scoping and feasibility studies, accessible facilities, and existing permits.

Critical estimates

Income taxes: Adventus Zinc NFLD has available unused operating losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

5. FUTURE ACCOUNTING PRONOUNCEMENTS

The following standards and amendments to standards are effective for annual reporting periods beginning on or after January 1, 2017 or later, with earlier adoption permitted.

IFRS 9 - Financial Instruments was issued by the IASB on July 24, 2014 and will replace *IAS 39, "Financial instruments: recognition and measurement"* (IAS 39). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

5. FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

IFRS 15 - Revenue from Contracts with Customers. This standard is effective for annual periods beginning on or after January 1, 2018 and provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Corporation has adopted IFRS 9 with a date of initial adoption of January 1, 2018. The standard has been applied retrospectively using the available transitional exemptions. Under this approach, the 2017 comparative period would not be restated and a cumulative transitional adjustment to the opening retained deficit balance would be recognized at January 1, 2018.

Other than a change in classification for the amount owing to Adventus Zinc, there was no impact on the Corporation's condensed financial statements upon adoption of this standard.

IFRS 16 – Leases: This standard was issued by the IASB on January 13, 2016, and will replace IAS 17 "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged. The new standard is effective for annual periods beginning on or after January 1, 2019.

Adventus Zinc NFLD has not early adopted these amendments and standards and is currently assessing the impact they will have on these financial statements.

The Corporation adopted IFRS 15 for the year beginning on January 1, 2018. The Corporation has no revenue and therefore there is no impact on the Corporation's condensed financial statements upon adoption of this standard.

6. EXPLORATION AND EVALUATION ASSETS

Adventus Zinc NFLD acquires exploration and evaluation assets through staking and from third party vendors. In addition, Adventus Zinc NFLD may sell some or a portion of its exploration and evaluation to third parties in exchange for exploration expenditures, royalty interests, cash, and share-based payments.

(expressed in Canadian dollars)	**As at December 31, 2015**	**Additions**	**As at November 16, 2016**
Projects			
Buchans	$ 314,394	$ 202,874	$ 517,268
Katie	138,419	50,750	189,169
La Poile	-	5,252	5,252
Security Deposits	12,250	(10,150)	2,100
Total	$ 465,063	$ 248,726	$ 713,789

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(expressed in Canadian dollars)	As at January 1, 2015	Additions	As at December 31, 2015
Projects			
Buchans	$ 103,312	$ 211,082	$ 314,394
Katie	4,900	133,519	138,419
La Poile	-	-	-
Security Deposits	55,050	(42,800)	12,250
Total	$ 163,262	$ 301,801	$ 465,063

7. GENERAL AND ADMINISTRATIVE

	January 1 to November 2016	Year ended December 31, 2015
Salaries and benefits	$ 156,153	$ 147,370
Offices and administrative	48,417	46,426
Professional and consulting fees	64,677	70,261
Travel and accommodations	11,848	21,474
Total general and administrative	$ 281,095	$ 285,531

8. INCOME TAXES

(a) Deferred Income Taxes

Tax-effected deductible temporary differences related to unused tax losses for which no deferred tax assets have been recognized amount to $81,518 for the period from January 1 to November 16, 2016 and $82,804 for the year ended December 31, 2015. The realization of benefits related to these future potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no deferred income tax asset has been recognized for accounting purposes.

(b) Income Tax Rate

Adventus Zinc NFLD's effective tax rate differs from the statutory rate 29% (2015: 29%) as follows:

(expressed in Canadian dollars)	2016	2015
Expected tax recovery	$ 81,518	$ 82,804
Non recognition of deferred tax assets related to unused tax losses	$ (81,518)	$ (82,804)
Recovery of deferred income taxes	$ -	$ -

9. ACCOUNTS RECEIVABLE

	2016	2015
Government funding	$ -	$ 21,300
Total accounts receivable	$ -	$ 21,300

10. CAPITAL DISCLOSURES

In the definition of capital, Adventus Zinc NFLD includes owners' net investment of $713,789 as at November 16, 2016 (December 31, 2015 -$486,321)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Adventus Zinc NFLD has classified its financial instruments as follows:

(expressed in Canadian dollars)	**November 16, 2016**	**December 31, 2015**
Financial assets		
Accounts receivables, measured at amortized cost		
Accounts receivables	$ -	$ 21,300
Financial liabilities		
Other financial liabilities, measured at amortized cost		
Accounts payable	$ -	$ 42

Risk Management

As at December 31, 2015, the carrying values of accounts receivable and accounts payable and accrued liabilities are at fair value or approximate fair value due to their immediate or short-terms to maturity. The fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received).

Adventus Zinc NFLD's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. Adventus Zinc NFLD manages these risks through prudent investment and business decisions and, where the exposure is deemed too high, Adventus Zinc NFLD may enter into derivative contracts to reduce this exposure. The Adventus Zinc NFLD does not utilize derivative financial instruments for trading or speculative purposes. Hedge accounting is applied only when appropriate documentation and effectiveness criteria are met.

Liquidity Risk

Adventus Zinc NFLD believes that its ability to raise capital and improve net working capital position will enable it to meet current and future obligations at the current level of activity. This conclusion could change with a significant change in operations, the inability to obtain capital or financing from other developments.

12. RELATED PARTY TRANSACTIONS

These financial statements reflect the contribution of zinc properties from Altius. These assets were recorded based on the carrying value ascribed by Altius to the properties as the transfer was under common control.

13. SUBSEQUENT EVENTS

Pursuant to an agreement (the "Newfoundland Properties Agreement") dated November 16, 2016 between Altius and Adventus NL, then a wholly-owned subsidiary of Altius, Altius transferred to Adventus NL its Newfoundland zinc properties forming part of Adventus Zinc NFLD, subject to the retention of a 2% net smelter returns royalty by Altius, in exchange for common shares of Adventus NL. Adventus NL and Altius also entered into a royalty agreement setting forth the terms under which Altius retains such 2% net smelter returns royalty on production of mineral products from Adventus Zinc NFLD properties, subject to reduction for underlying royalty obligations on additional claims ancillary to the Katie project which Adventus NL has an option to acquire.

Following the acquisition of the Newfoundland zinc properties by Adventus NL, Adventus acquired all of the outstanding shares of Adventus NL from Altius in consideration of the issuance of 3,570,000 Common Shares to Altius on December 9, 2016.

On February 21, 2018, Canstar Resources Ltd. (“Canstar”), Adventus and Altius announced that they had entered into a three-way definitive agreement (the “Transaction”) dated February 20, 2018, whereby Canstar will acquire Adventus NL and the Daniel’s Harbour Zinc Project from Altius in exchange for (i) the issuance of common shares of Canstar to Adventus and Altius; and (ii) a funding commitment from Altius of $500,000 as part of a $750,000 private placement.

EXHIBIT "D"
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE RESULTING ISSUER

1. Pro Forma Consolidated Financial Statements as at March 31, 2018 (unaudited).

Canstar Resources Inc.

Unaudited Pro Forma Consolidated Financial Statements

(Expressed in Canadian Dollars)

March 31, 2018

Canstar Resources Inc.

Pro Forma Consolidated Statement of Financial Position

As at March 31, 2018

(Unaudited - Expressed in Canadian Dollars)

	Canstar Resources Inc.	Adventus Newfoundland Corporation	Note Ref.	Pro Forma Adjustments	Pro Forma Consolidated
	$	$		$	$
Assets					
Current assets					
Cash and cash equivalents	102,007	-	3(d)	1,500,020	
			3(e)	(114,000)	1,488,027
Amounts receivable and prepaid expenses	12,322	-		-	12,322
Total current assets	114,329	-		1,386,020	1,500,349
Equipment	991	-		-	991
Interest in exploration properties and deferred exploration expenditures	3,360,608	1,234,227	3(a)	4,487,837	
			3(c)	725,707	9,808,379
Total assets	3,475,928	1,234,227		6,599,564	11,309,719
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	87,072	-	3(g)	100,000	187,072
Total current liabilities	87,072	-		100,000	187,072
Amounts due to Adventus Zinc Corporation	-	521,162		-	521,162
Total liabilities	87,072	521,162		100,000	708,234
Shareholders' Equity					
Capital stock	11,952,966	713,789	3(a)	5,200,902	
			3(b)	(713,789)	
			3(c)	725,707	
			3(d)	1,500,020	
			3(e)	(114,000)	
			3(f)	(34,027)	19,231,568
Warrants	51,630	-	3(f)	34,027	85,657
Share-based payments reserve	342,625	-		-	342,625
Deficit	(8,958,365)	(724)	3(b)	724	
			3(g)	(100,000)	(9,058,365)
Total shareholders' equity	3,388,856	713,065		6,499,564	10,601,485
Total liabilities and shareholders' equity	3,475,928	1,234,227		6,599,564	11,309,719

See accompanying notes to the unaudited pro-forma consolidated financial statements.

Canstar Resources Inc.

Pro Forma Consolidated Statement of Loss and Comprehensive Loss

For the Nine Months Ended March 31, 2018

(Unaudited - Expressed in Canadian Dollars)

	Canstar Resources Inc.	Adventus Newfoundland Corporation	Note Ref.	Pro Forma Adjustments	Pro Forma Consolidated
	$	$		$	$
Operating expenses					
Amortization	175	-		-	175
General and office expenses	12,213	-		-	12,213
Interest and bank charges	1,083	-		-	1,083
Management fees	142	-		-	142
Professional fees	71,783	724		-	72,507
Rent	8,683	-		-	8,683
Share-based payments	9,400	-		-	9,400
Shareholder information	20,489	-		-	20,489
Transfer agent and filing fees	50,505	-		-	50,505
Total operating expenses	174,473	724		-	175,197
Loss before interest income	(174,473)	(724)		-	(175,197)
Interest income	1,472	-		-	1,472
Write off of interest in mineral properties	(16,059)				(16,059)
Net loss and comprehensive loss for the period	(189,060)	(724)		-	(189,784)
Weighted average number of common shares outstanding					
- basic and diluted (note 4)	102,791,947	3,570,001	3(a)	86,681,695	
			3(b)	(3,570,001)	
			3(c)	12,095,120	
			3(d)	12,500,000	
			3(d)	8,333,699	
			3(h)	(177,921,969)	44,480,492
Basic and diluted loss per share	(0.00)	(0.00)			(0.00)

See accompanying notes to the unaudited pro-forma consolidated financial statements.

Canstar Resources Inc.

Pro Forma Consolidated Statement of Loss and Comprehensive Loss

For the Year Ended June 30, 2017
(Unaudited - Expressed in Canadian Dollars)

	Canstar Resources Inc.	Adventus Newfoundland Corporation	Note Ref.	Pro Forma Adjustments	Pro Forma Consolidated
	$	$		$	$
Operating expenses					
Depreciation	291	-		-	291
General and office expenses	10,951	20,880		-	31,831
Interest and bank charges	1,625	-		-	1,625
Management fees	55,683	-		-	55,683
Professional fees	111,930	27,892	3(g)	100,000	239,822
Rent	20,838	-		-	20,838
Salaries and benefits	-	67,341		-	67,341
Share-based payments	212,850	-		-	212,850
Shareholder information	4,665	-		-	4,665
Transfer agent and filing fees	55,629	-		-	55,629
Travel	2,842	5,109		-	7,951
Total operating expenses	477,304	121,222		100,000	698,526
Loss before interest income	(477,304)	(121,222)		(100,000)	(698,526)
Interest income	2,029	-		-	2,029
Net loss and comprehensive loss for the period	(475,275)	(121,222)		(100,000)	(696,497)
Weighted average number of common shares outstanding					
- basic and diluted (note 4)	101,594,356	2,913,121	3(a)	86,681,695	
			3(b)	(2,913,121)	
			3(c)	12,095,120	
			3(d)	12,500,000	
			3(d)	8,333,699	
			3(h)	(176,963,896)	44,240,974
Basic loss per share	(0.00)	(0.04)			(0.02)

See accompanying notes to the unaudited pro-forma consolidated financial statements.

1. Basis of presentation

The accompanying unaudited pro forma consolidated statement of financial position and statements of loss and comprehensive loss of Canstar Resources Inc. ("Canstar") have been prepared by management to reflect the acquisition of Canstar with Adventus Newfoundland Corporation ("Adventus Newfoundland") after giving effect to the share exchange agreement and a purchase agreement between Canstar and Adventus Zinc Corporation ("Adventus Zinc"), Adventus Newfoundland and Altius Resources Inc. ("Altius") (the "Transaction") as described in Note 2.

The unaudited pro forma consolidated statement of financial position and statements of loss and comprehensive loss have been prepared in using accounting policies and practices consistent with those used in the preparation of Canstar's and Adventus Newfounland's recent financial statements, both of which are prepared under International Financial Reporting Standards. In preparing the unaudited pro forma consolidated financial information, consideration was given to identifying accounting policy differences between Canstar and Adventus Newfounland where the impact was potentially material and could be reasonably estimated. However, the significant accounting policies of Adventus Newfounland are believed to conform in all material respects to those of Canstar.

Certain significant estimates have been made by management in the preparation of these pro forma consolidated financial statements, in particular, the determination of the fair value of Adventus Newfoundland's assets and liabilities acquired and the fair value of the share consideration given by Canstar.

The unaudited pro forma consolidated statement of financial position and statements of loss and comprehensive loss have been compiled from and include:

The unaudited pro forma consolidated statement of financial position as at March 31, 2018 has been compiled from:

- The statement of financial position of Canstar as at March 31, 2018 obtained from the unaudited condensed interim financial statements of Canstar for the three and nine month period ended March 31, 2018.
- The statement of financial position of Adventus Newfoundland as at March 31, 2018 obtained from the unaudited condensed financial statements of Adventus Newfoundland for the three months ended March 31, 2018.

The unaudited pro forma consolidated statement of loss and comprehensive loss for the nine month period ended March 31, 2018 has been compiled from:

- The statement of loss and comprehensive loss of Canstar for the nine month period ended March 31, 2018, obtained from the unaudited condensed interim financial statements of Canstar for the three and nine month period ended March 31, 2018.

1. Basis of presentation (continued)

- The statement of loss and comprehensive loss of Adventus Newfoundland for the nine month period ended March 31, 2018, has been prepared solely for the purpose of these unaudited pro forma financial statements, does not conform to the financial statements of Adventus Newfounland, included elsewhere in this report and was provided by Adventus management based on accounting information.

The unaudited pro forma consolidated statement of loss and comprehensive loss for the year ended June 30, 2017 has been compiled from:

- The statement of loss and comprehensive loss of Canstar for the year ended June 30, 2017, obtained from the audited financial statements of Canstar for the years ended June 30, 2017 and 2016.
- The statement of loss and comprehensive loss of Adventus Newfoundland for the twelve months ended June 30, 2017, has been prepared solely for the purpose of these unaudited pro forma financial statements, and does not conform to the financial statements of Adventus Newfounland, included elsewhere in this report. The information was derived from Adventus Zinc (Newfoundland) Division Unaudited Combined Carve-Out Statements of Net Loss and Comprehensive Loss for the period from January 1, 2016 to November 16, 2016 which was pro rated based on the number of days in order to estimate balances for the period from July 1, 2016 to November 16, 2016 and added to accounting information provided by Adventus management for the period from November 16, 2016 to June 30, 2017.

The unaudited pro forma consolidated statement of financial position and pro forma consolidated statements of loss and comprehensive loss have been prepared as if the transaction had occurred as of March 31, 2018 for the purposes of the pro forma consolidated statement of financial position, July 1, 2017 for purposes of the pro forma consolidated statements of loss and comprehensive loss for the nine months ended March 31, 2018 and July 1, 2016 for purposes of the pro forma consolidated statements of loss and comprehensive loss for the year ended June 30, 2017.

The unaudited pro forma consolidated statement of financial position and statements of loss and comprehensive loss have been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transaction been in effect at the date indicated.

2. Share exchange agreement and purchase agreement

Pursuant to the share exchange agreement and purchase agreement:

- Canstar will acquire all of the issued and outstanding common shares of Adventus Newfoundland in exchange for the issuance to Adventus Zinc of 86,681,695 Canstar common shares;
- Canstar will acquire Daniel’s Harbour Project from Altius in exchange for the issuance to Altius, or as directed by Altius of 12,095,120 Canstar common shares at a deemed price of $0.06 per Canstar common share (based on Canstar close price at February 16, 2018) and the grant of a 2% net smelter royalty on production from the Daniel’s Harbour Project in favour of Altius and such terms as set out in the purchase agreement;

(Expressed in Canadian dollars)

2. Securities exchange agreement and purchase agreement (continued)

- Canstar will complete a private placement of 12,500,000 flow-through subscription receipts at $0.08 per flow-through subscription receipt and 8,333,699 non-flow-through subscription receipts at $0.06 per non-flow-through subscription receipt for gross proceeds of $1,500,020 (the "Private Placement");
- Altius will subscribe for 6,250,000 flow-through subscription Receipts at the price of $0.08 per flow-through subscription receipt as part of the Private Placement;
- In connection with the Private Placement, Canstar will issue 754,200 finders warrants. Each finders warrants will entitle the holder to purchase one common share of Canstar at a price of $0.06 per share for a period of 24 months;
- Upon completion of the Transaction, each flow-through subscription receipt and each non-flow-through subscriptions receipt will be converted at no addition cost into Canstar common shares; and
- Upon completion of the Transaction, Canstar will complete the consolidation of a five-for-one basis so that each five Canstar common shares will be exchange for one Canstar consolidated common shares.

The Transaction will be recorded for accounting purposes as a business acquisition. As a result of the Transaction, Canstar will own 100% of Adventus Newfoundland outstanding shares.

3. Pro forma assumptions and adjustments

(a)

Issuance of common shares	$	5,200,902
Total consideration paid	$	5,200,902
Interest in exploration properties and deferred exploration expenditures	$	1,234,227
Amounts due to Adventus Zinc		(521,162)
Adventus Newfoundland net assets received	$	713,065
Acquisition cost of interest in exploration properties	$	4,487,837

The 86,681,695 Canstar common shares issued to Adventure Zinc have an assigned value of $0.06 per share based on Canstar close price at February 16, 2018.

(b) Book values of Adventure Newfoundland's capital stock and deficit are eliminated on the closing of the Transaction.

(c) Canstar will issue 12,095,120 Canstar common shares to Altius at an assigned value of $0.06 per share based on Canstar close price at February 16, 2018 in exchange for the acquisition of Daniel's Harbour Project.

(Expressed in Canadian dollars)

3. Pro forma assumptions and adjustments (continued)

(d) Canstar expect to complete an issuance of 12,500,000 flow-through subscription receipts at $0.08 per flow-through subscription receipt and 8,333,699 non-flow-through subscription receipts at $0.06 per non-flow-through subscription receipt for gross proceeds of $1,500,020. For the purposes of these pro forma statements, it is assumed there is no deferred premium on flow-through shares.

(e) Management has estimated that Canstar will incur approximately $114,000 of share issue costs in connection with the Private Placement.

(f) Canstar will grant 754,200 finders warrants. The fair value of the 754,200 finders warrants was estimated at $34,027 using the Black-Scholes option pricing model with the following assumptions: exercise price - $0.06, expected dividend yield – 0%, expected volatility – 161,83%; risk-free interest rate – 1.77% and an expected average life of 2 years.

(g) Management has estimated that Canstar will incur approximately $100,000 of professional fees in connection with the completion of the Transaction. For the purposes of these pro forma statements, it is assumed that 100% of the professional fees are expensed.

(h) Canstar will complete the consolidation of a five-for-one basis so that each five Canstar common shares will be exchange for one Canstar consolidated common shares.

4. Pro forma capital stock

(a) The following table summarizes the pro-forma capital stock:

	Note	Number	Amount
Canstar common shares issued and outstanding as at March 31, 2018		102,808,522	$ 11,952,966
Issuance of common shares to Adventus Zinc pursuant to the Transaction	3(a)	86,681,695	5,200,902
Issuance of common shares to Altius pursuant to the Transaction	3(c)	12,095,120	725,707
Common shares issued on conversion of flow-through subscription receipts	3(d)	12,500,000	1,000,000
Common shares issued on conversion of non-flow-through subscription receipts	3(d)	8,333,699	500,020
Share issue costs	3(e)		(114,000)
Finders warrants	3(f)		(34,027)
Consolidation 5:1		(177,935,229)	-
		44,483,807	$ 19,231,568

(Expressed in Canadian dollars)

4. Pro forma capital stock (continued)

(b) Pro forma weighted average number of shares outstanding:

	Nine Months Ended March 31, 2018
Canstar weighted average number of common shares issued and outstanding	102,791,947
Issuance of common shares to Adventus Zinc pursuant to the Transaction	86,681,695
Issuance of common shares to Altius pursuant to the Transaction	12,095,120
Issuance of flow-through subscription receipts	12,500,000
Issuance of non-flow-through subscription receipts	8,333,699
Consolidation 5:1	(177,921,969)
	44,480,492

	Year Ended June 30, 2017
Canstar weighted average number of common shares issued and outstanding	101,594,356
Issuance of common shares to Adventus Zinc pursuant to the Transaction	86,681,695
Issuance of common shares to Altius pursuant to the Transaction	12,095,120
Issuance of flow-through subscription receipts	12,500,000
Issuance of non-flow-through subscription receipts	8,333,699
Consolidation 5:1	(176,963,896)
	44,240,974

CERTIFICATE OF CANSTAR RESOURCES INC.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Canstar Resources Inc. assuming completion of the Transaction.

DATED: June 20, 2018.

/s/"Dennis H. Peterson"	/s/ "John Hurley"
Dennis H. Peterson Chief Executive Officer	John Hurley Chief Financial Officer

On Behalf of the Board of Directors

/s/ "Dennis H. Peterson"	/s/ "David Palmer"
Dennis H. Peterson Director	David Palmer Director

CERTIFICATE OF ADVENTUS NEWFOUNDLAND CORPORATION

The foregoing as it relates to Adventus Newfoundland Corporation constitutes full, true and plain disclosure of all material facts relating to the securities of Adventus Newfoundland Corporation.

DATED: June 20, 2018

/s/ "Christian Kargl-Simard"
Christian Kargl-Simard
President and Chief Executive Officer

On Behalf of the Board of Directors

/s/ "Christian Kargl-Simard"	/s/ "Frances Kwong"
Christian Kargl-Simard	Frances Kwong
Director	Director

ACKNOWLEDGEMENT – PERSONAL INFORMATION

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information (as such term is defined in Form 3D2 of the TSX Venture Exchange) by the undersigned to the TSX Venture Exchange (as defined in Appendix 6B of the TSX Venture Exchange Corporate Finance Manual); and

(b) the collection, use and disclosure of Personal Information by the TSX Venture Exchange for the purposes described in Appendix 6B of the TSX Venture Exchange Corporate Finance Manual or as otherwise identified by the TSX Venture Exchange, from time to time.

DATED: June 20, 2018

/s/ "Dennis H. Peterson
Dennis H. Peterson
Director and Chief Executive Officer