CANSTAR RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Canstar Resources Inc.:

Opinion

We have audited the financial statements of Canstar Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2022 and June 30, 2021, and the consolidated statements of operationsand comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2022 and June 30, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

October 24, 2022 — Licensed Public Accountants

CANSTAR RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at		June 30, 2022		June 30, 2021
ASSETS				
Current				
Cash and cash equivalents	**$**	**201,251**	$	279,445
Amounts receivable and prepaid expenses		**523,228**		78,142
Advances receivable		**77,858**		32,023
Marketable securities (Note 4)		**4,714,600**		4,000,957
Investments (Note 5)		**70,700**		66,500
Total current assets		**5,587,637**		4,457,067
Golden Baie security deposit (Note 6)		**265,450**		-
Equipment (Note 7)		**18,222**		2,535
Interest in exploration properties and deferred exploration expenditures (Notes 6 and 11)		**7,375,911**		10,566,235
Total assets	**$**	**13,247,220**	$	15,025,837
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Notes 11 and 14)	**$**	**119,747**	$	293,680
Flow-through premium (Notes 8(b) and 14)		**85,285**		-
Total liabilities		**205,032**		293,680
SHAREHOLDERS' EQUITY				
Capital stock (Note 8(b))		**30,151,913**		24,839,707
Warrants (Note 8(d))		**2,858,506**		1,767,822
Share-based payment reserve (Note 8(c))		**1,583,419**		1,031,699
Deficit		**(21,551,650)**		(12,907,071)
Total shareholders' equity		**13,042,188**		14,732,157
Total liabilities and shareholders' equity	**$**	**13,247,220**	$	15,025,837

Nature and Continuance of Operations (Note 1)
Commitments and Contingencies (Notes 6 and 14)
Subsequent events (Note 15)

APPROVED ON BEHALF OF THE BOARD:

"R. Bruggeman", Director

"S. Leung", Director

See accompanying notes to the consolidated financial statements.

CANSTAR RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

	Year Ended June 30, 2022	Year Ended June 30, 2021
Operating expenses		
Share-based payment (Notes 8(c) and 11)	**$ 570,127**	$ 859,364
Interest and bank charges	**12,657**	1,491
Transfer agent and filing fees	**61,700**	40,104
Management fees (Note 11)	**208,404**	103,116
Professional fees (Note 11)	**191,930**	170,890
General and office expenses	**178,406**	54,908
Shareholder information	**10,253**	9,818
Depreciation (Note 7)	**813**	569
Rent (Note 11)	**7,500**	11,910
Travel	**3,386**	-
Total operating expenses	**1,245,176**	1,252,170
Loss before items below:	**(1,245,176)**	(1,252,170)
Fair value adjustment on marketable securities	**-**	931
Interest income (Note 4)	**16,576**	16
Realised gain on marketable securities (Note 4)	**10,996**	-
Impairment of interest in mineral properties (Note 6)	**(7,733,885)**	(200,200)
Fair value adjustment on investments (Note 5)	**4,402**	24,500
Flow-through premium	**92,025**	-
Net loss and comprehensive loss for the year	**$ (8,855,062)**	$ (1,426,923)
Net loss per share - basic and diluted (Note 13)	**$ (0.09)**	$ (0.02)
Weighted average number of shares - basic and diluted	**100,158,052**	66,568,242

See accompanying notes to the consolidated financial statements.

CANSTAR RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	Year Ended June 30, 2022	2021
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the year	**$ (8,855,062)**	$ (1,426,923)
Charges not involving cash:		
Share-based payment expense	**570,127**	859,364
Fair value adjustment on marketable securities	**-**	(931)
Depreciation	**813**	569
Flow-through premium	**(44,025)**	-
Fair value adjustment on investments	**(4,402)**	(24,500)
Realised gain on sale of marketable securities	**(10,996)**	-
Impairment of interest in mineral properties	**7,733,885**	200,200
	(609,660)	(392,221)
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	**(710,536)**	(62,356)
Advances receivable	**(45,835)**	(32,023)
Accounts payable and accrued liabilities	**(173,933)**	184,592
Cash flows used in operating activities	**(1,539,964)**	(302,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	**-**	4,500,002
Proceeds from flow-through financing	**5,212,342**	1,286,370
Share issue costs	**(286,381)**	(148,449)
Proceeds from exercise of options	**-**	10,000
Proceeds from exercise of warrants	**613,739**	105,000
Cash flows from financing activities	**5,539,700**	5,752,923
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest in exploration properties and deferred exploration expenditures	**(3,347,472)**	(1,266,060)
Proceeds from sale of marketable securities	**12,018,123**	(4,000,010)
Interest income	**(16,576)**	(16)
Purchase of marketable securities	**(12,715,505)**	-
Purchase of equipment	**(16,500)**	(1,032)
Cash flows used in investing activities	**(4,077,930)**	(5,267,118)
Change in cash and cash equivalents	**(78,194)**	183,797
Cash and cash equivalents, beginning of year	**279,445**	95,648
Cash and cash equivalents, end of year	**$ 201,251**	$ 279,445
SUPPLEMENTAL INFORMATION		
Share-based payment included in deferred exploration expense	**$ 192,078**	$ -
Common shares issued for property interests	**$ 992,500**	$ 1,690,000
Finder's warrants issued	**$ 146,896**	$ 30,985
CASH AND CASH EQUIVALENTS		
Cash	**$ 140,311**	$ 19,706
Cash equivalents	**60,940**	257,138
Deposits held in trust	**-**	2,601
	$ 201,251	$ 279,445

See accompanying notes to the consolidated financial statements.

CANSTAR RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Capital Stock	Warrants	Share-based Payment Reserve	Deficit	Total
Balance, June 30, 2020	**$ 19,155,206**	**$ -**	**$ 201,790**	**$ (11,500,203)**	**$ 7,856,793**
Share-based payment expense	-	-	859,364	-	859,364
Private placement	4,500,002	-	-	-	4,500,002
Share issue costs	(148,449)	-	-	-	(148,449)
Share issue costs - finder warrants	(30,985)	30,985	-	-	-
Issuance of warrants	(1,766,677)	1,766,677	-	-	-
Flow-through private placement	1,286,370	-	-	-	1,286,370
Expiry of stock options	-	-	(20,055)	20,055	-
Common shares issued for property interest	1,690,000	-	-	-	1,690,000
Exercise of warrants	134,840	(29,840)	-	-	105,000
Exercise of options	19,400	-	(9,400)	-	10,000
Net loss for the year	-	-	-	(1,426,923)	(1,426,923)
Balance, June 30, 2021	**$ 24,839,707**	**$ 1,767,822**	**$ 1,031,699**	**$ (12,907,071)**	**$ 14,732,157**
Balance, June 30, 2021	**$ 24,839,707**	**$ 1,767,822**	**$ 1,031,699**	**$ (12,907,071)**	**$ 14,732,157**
Share-based payment expense	-	-	570,127	-	570,127
Share-based payment capitalized	-	-	192,076	-	192,076
Share issue costs	(286,381)	-	-	-	(286,381)
Share issue costs - finder warrants	(146,896)	146,896	-	-	-
Issuance of warrants	(1,118,911)	1,118,911	-	-	-
Flow-through private placement	5,212,342	-	-	-	5,212,342
Flow-through private placement liability	(129,310)	-	-	-	(129,310)
Expiry of stock options	-	-	(210,483)	210,483	-
Common shares issued for property interest	992,500	-	-	-	992,500
Exercise of warrants	788,862	(175,123)	-	-	613,739
Net loss for the year	-	-	-	(8,855,062)	(8,855,062)
Balance, June 30, 2022	**$ 30,151,913**	**$ 2,858,506**	**$ 1,583,419**	**$ (21,551,650)**	**$ 13,042,188**

See accompanying notes to the consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

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 220 Bay Street, Suite 550, Toronto, Ontario, M5J 2W4.

The consolidated financial statements were approved by the Board of Directors on October 24, 2022.

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.

2. BASIS OF PREPARATION

Statement of compliance:

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

Basis of preparation:

These consolidated 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 consolidated 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.

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Adventus Newfoundland Corporation, which was acquired by the Company on July 30, 2018.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated in preparing the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparing the consolidated financial statements for the years ended June 30, 2022 and 2021.

Functional and presentation currency:

The Company's and its subsidiary'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 and comprehensive loss.

Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and investments with original maturities of ninety days or less, and deposits held in trust. During the year ended June 30, 2022, the Company earned $16,576 (2021 - $16) interest from its cash equivalents and short-term investments.

Investments:

The Company has elected to irrevocably designate its investments and marketable securities as fair value, through profit or loss ("FVTPL"). Gains and losses in respect of these investments are recognized in net income or loss, as a net change in unrealized gain or loss on investments, in the consolidated statements of operations and comprehensive loss.

Income taxes:

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued):

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, 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.

Estimates:

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

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 years ended June 30, 2022 and 2021 as the Company's stock options and warrants were anti-dilutive.

Flow-through shares:

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments:

Recognition

The Company recognizes a financial asset or financial liability on the consolidated statements of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss or through other comprehensive income (“FVTOCI”); and
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company’s financial assets consists of cash and cash equivalents, marketable securities and investments, which are classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in net loss, amounts receivable and advance receivable, which is classified as subsequently measured at amortized cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued):

Classification and Measurement (continued)

The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Fair Value Hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position are classified 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: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on 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); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 consolidated statements of operations and comprehensive loss 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in exploration properties and deferred exploration expenditures (continued):

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.
- Proceeds received from the sale of mineral property interests are reflected as a reduction of capitalized costs.

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 consolidated statements of operations and comprehensive loss, 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 consolidated statements of operations and comprehensive loss.

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, 2022 and 2021.

Critical judgments and estimation uncertainties:

The preparation of consolidated 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 consolidated financial statements and related notes to the consolidated 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical judgments and estimation uncertainties (continued):

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.

Going concern

These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment in determining assumptions for cash flow projections, such as anticipated financing, anticipated sales and future commitments to assess the Company's ability to continue as a going concern. A critical judgment is that the Company continues to raise funds going forward and satisfy their obligations as they become due. There is sufficient working capital for the next twelve months.

As at June 30, 2022, the Company had a deficit of $21,551,650 (June 30, 2021 - $12,907,071) and working capital of $5,382,605 (June 30, 2021 - $4,163,387). 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. Management believes that working capital at June 30, 2022 is sufficient to support planned operations for at least the next 12 months.

(EXPRESSED IN CANADIAN DOLLARS)

4. MARKETABLE SECURITIES

The Company's marketable securities include GICs and other exchange traded funds that invest primarily in high interest deposit accounts with Canadian banks.

During the year ended June 30, 2022, the Company recognized a realized gain of $10,996 (year ended June 30, 2021 - $nil). During the year ended June 30, 2022, the Company also earned interest and dividend income of $16,576 (year ended June 30, 2021 - $16) from investment activity.

Marketable securities have been designated as FVTPL and are recorded at fair value, with changes recognized in the consolidated statements of operations and comprehensive loss.

Marketable securities are composed of:

	As at June 30, 2022	As at June 30, 2021
GICs	**$ 4,714,600**	$ 1,249,880
Exchange traded funds	**-**	2,751,077
Marketable securities	**$ 4,714,600**	$ 4,000,957

5. INVESTMENTS

On April 25, 2019, the Company entered into a definitive agreement with Angus Gold Inc. (formerly Angus Ventures Inc.) ("Angus"), whereby it agreed to sell its 75% interest in the Slate Bay Property to Angus for consideration of $30,000 and 70,000 shares in the common stock of Angus.

As at June 30, 2022	Number of Common Shares	Cost	Market Value Adjustment	Fair Value
Angus Gold Inc. ("Angus')	70,000	$ 14,000	$ 56,700	$ 70,700

As at June 30, 2021	Number of Common Shares	Cost	Market Value Adjustment	Fair Value
Angus	70,000	$ 14,000	$ 52,500	$ 66,500

The investment in shares of Angus is classified as Level 1 within the Fair Value Hierarchy. There were no transfers in or out of Levels 2 or 3 during the years ended June 30, 2022 and 2021.

(EXPRESSED IN CANADIAN DOLLARS)

6. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	Buchans-Mary March Properties	Daniel's Harbour Properties	Golden Baie Property	Total
PROPERTY ACQUISITION COSTS				
Balance, June 30, 2020	$4,887,465	$ 200,000	$ -	$5,087,465
Incurred during the year	-	-	1,740,000	1,740,000
Impairment during the year	-	(200,000)	-	(200,000)
Balance, June 30, 2021	4,887,465	-	1,740,000	6,627,465
DEFERRED EXPLORATION COSTS				
Balance, June 30, 2020	2,722,710	200	-	2,722,910
Access	-	-	99,800	99,800
Equipment, rentals, camp, and general	(10,820)	-	252,450	241,630
Assaying	11,406	-	66,906	78,312
Drilling	-	-	195,382	195,382
Field supplies	1,536	-	14,973	16,509
Geological consulting	21,300	-	248,358	269,658
Labour and supervision	27,768	-	245,328	273,096
Travel	807	-	40,866	41,673
Write down of mineral property during the year	-	(200)	-	(200)
Balance, June 30, 2021	2,774,707	-	1,164,063	3,938,770
Total, June 30, 2021	$7,662,172	$ -	$2,904,063	$10,566,235

(EXPRESSED IN CANADIAN DOLLARS)

6. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

	Buchans-Mary March Properties	Golden Baie Property	Total
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2021	$4,887,465	$1,740,000	$6,627,465
Write down during the year	(4,887,465)	-	(4,887,465)
Incurred during the year	-	992,500	992,500
Balance, June 30, 2022	-	2,732,500	2,732,500
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2021	2,774,707	1,164,063	3,938,770
Equipment, rentals, camp, and general	9,911	638,160	648,071
Access	13,603	5,626	19,229
Assaying	561	271,151	271,712
Drilling	-	971,886	971,886
Field supplies	-	121,348	121,348
Geological consulting	-	126,064	126,064
Labour and supervision	47,638	682,419	730,057
Share-based payment	-	192,078	192,078
Travel	-	470,616	470,616
Write down of mineral property during the year	(2,846,420)	-	(2,846,420)
Balance, June 30, 2022	-	4,643,411	4,643,411
Total, June 30, 2022	$ -	$7,375,911	$7,375,911

(i) During the year ended June 30, 2022, the Company received a grant of approximately $nil (2021 - $21,574) from the Government of Newfoundland with respect to the respect to the Buchans -Mary Properties which has been netted against access and administrative expenses.

6. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

a) Buchans-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 four Fee Simple Grants consisting of five separate land parcels and three map-staked licenses containing 77 claims.

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, however did not contribute to subsequent years' 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. Glencore did not make further contributions and accordingly may be subject to additional voluntary reductions.

A fourth map-staked license was staked and added to the Mary March Property portfolio in October 2018.

During the year ended June 30, 2022, an impairment of $4,887,465 and $2,846,420 respectively, on the property acquistion cost and deferred exploration cost was recorded as management had no exploration plans for the property.

(ii) Mary March Extension Property

The Mary March Extension Property was acquired on April 7, 2009. 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.

During the year ended June 30, 2022, Buchans-Mary March Properties was impaired see note 8(b)(a)(i).

(iii) Buchans Property

The Buchans Property was acquired on July 30, 2018.

Canstar owns a 100% interest in the property, subject to a 2% NSR royalty.

6. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

b) Daniel's Harbour Properties

The Daniel's Harbour Properties are located in coastal Western Newfoundland. The Company acquired the Daniel's Harbour Properties on July 30, 2018 from Altius Minerals Ltd, subject to a 2% NSR.

An impairment of $200,200 was recorded during the year ended June 30, 2021 as management had no exploration plans for the property.

c) Golden Baie Property

The Golden Baie Property is comprised of mineral exploration licenses located in south-central Newfoundland. On August 26, 2020, the Company signed a binding letter agreement with Altius Resources Inc. ("Altius"), a wholly owned subsidiary of Altius Minerals Corporation, and other arm's length parties for the option to acquire a 100% interest in mineral claims.

On November 18, 2020, the Company closed an option agreement with Altius and other arm's length parties (collectively, the "Optionors"). Under the Option agreement, the Company can earn a 100% undivided interest in the Golden Baie claims over a four year period for the following considerations:

- Issuance of 4,000,000 common shares (issued and valued at $1,120,000) of the Company to Altius upon receipt of TSX Venture Exchange's approval. These were issued in November 2020;
- Aggregate cash payment of $50,000 (paid) and issuance of an aggregate of 2,000,000 common shares (issued and valued at $560,000) to the Optionors upon signing of the definitive agreements (the “Definitive Agreements”). This payment and the shares were issued in November 2020;
- Issuance of 2,000,000 common shares to Altius on the first anniversary of the signing of the Definitive Agreements. The shares were issued in December 2021.
- Payment of an aggregate cash payment of $50,000 and issuance of an aggregate of 1,000,000 common shares to the Optionors on the first anniversary of the Definitive Agreements. The cash payment was made and the common shares were issued in December 2021.
- Issuance of 2,500,000 common shares to Altius on the second anniversary of the Definitive Agreements;
- Payment of an aggregate cash payment of $50,000 and issuance of an aggregate of the lesser of $250,000 worth of common shares or 1,000,000 common shares to the Optionors on the second anniversary of the Definitive Agreements; This payment and the shares were issued in October 2022.
- Payment of an aggregate cash payment of $100,000 and issuance of an aggregate of the lesser of $250,000 worth of common shares or 1,000,000 common shares to the Optionors on the third anniversary of the Definitive Agreements.

As further consideration for the option, Canstar is required to commit to fund exploration expenditures of a minimum of $1,250,000 (incurred) over a four-year period. The minimum expenditure commitment for the first year will be $500,000. In addition, the Optionors will be entitled to an aggregate milestone payment of $1,000,000 by the Company to the Optionors upon the Golden Baie Project claims achieving National Instrument 43-101 defined measured and indicated mineral resources of at least one million contained gold ounces.

The Optionors will transfer title to the Golden Baie Claims to Canstar subject to the Optionors retaining a 2.0% NSR from all commercial production on the Golden Baie Project (the “Royalty”). Altius shall maintain the right to purchase from the Optionors 1% of the NSR for the total sum of $1,500,000. Altius will also have a first right of refusal on the purchase of the remaining 1% NSR.

6. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

c) Golden Baie Property (continued)

On September 25, 2020, the Company entered into an option agreement with Altius and other arm's length parties (collectively, the "Optionors") to acquire a 100% interest in 41 mineral claims contiguous with the Golden Baie Project, subject to a 1.5% NSR. In consideration for the acquisition of the option, Canstar shall, among other things: (i) issue an aggregate number of common shares, payable in installments, as is equal to $75,000 divided by the greater of $0.225 and the 5-day volume weighted average price per share; and (ii) pay an aggregate of $75,000 in cash, payable in installments, over a three-year period. Altius has the right to purchase at any time, from the Optionors, one third of the NSR (namely, a 0.5% NSR) for the total sum of $1,000,000. In addition, Altius has the right of first refusal on any sale by the Optionors of the remaining two thirds of the NSR.

So long as Altius owns 9.9% of the Company's shares outstanding it shall have the right to participate in 19.9% of any equity financing during the term of the option.

During the year ended June 30, 2021, the Company put up a security bond to keep certain Golden Baie claims in good standing. Once the required expenditures have been achieved, the bond will be returned to the Company.

Pursuant to the option agreement dated November 18, 2020, the Company issued 3,000,000 common shares to other arm's length parties at a weighted average value of $0.28 per share based on the quoted price of the shares at the time of issue, during the year ended June 30, 2022.

Pursuant to the option agreement dated November 25, 2020, the Company issued 51,055 common shares to other arm's length parties at a value of $0.29 per share based on the quoted price of the shares at the time of issue, during the year ended June 30, 2022.

On January 24, 2022, the Company entered into a binding property purchase agreement with Altius to acquire a 100% interest in the Hermitage Property in southern Newfoundland, subject to a 2% NSR, for consideration of the issuance of 500,000 common shares of the Company. The shares were issued and valued at $137,500 based on the quoted price of the shares at the time of issue. The Hermitage Property is contiguous with the Company’s Golden Baie project.

(EXPRESSED IN CANADIAN DOLLARS)

7. EQUIPMENT

Cost		Office and field equipment
Balance, June 30, 2020	**$**	**12,445**
Additions		1,032
Balance, June 30, 2021	**$**	**13,477**
Additions		16,500
Balance, June 30, 2022	**$**	**29,977**

Accumulated Depreciation		Office and field equipment
Balance, June 30, 2020	**$**	**10,373**
Depreciation		569
Balance, June 30, 2021	**$**	**10,942**
Depreciation		813
Balance, June 30, 2022	**$**	**11,755**

Carrying Value		Office and field equipment
Balance, June 30, 2021	**$**	**2,535**
Balance, June 30, 2022	**$**	**18,222**

(EXPRESSED IN CANADIAN DOLLARS)

8. CAPITAL STOCK, OPTIONS AND WARRANTS

(a) Authorized

Unlimited number of common shares, without par value.

(b) Issued

109,003,672 common shares

Summary of changes in capital stock:

	Shares		Amount
Balance, June 30, 2020	**48,700,473**	**$**	**19,155,206**
Private placement (i) (ii) (iii)	27,443,625		4,500,002
Cost of issue	-		(148,449)
Cost of issue - broker warrants	-		(30,985)
Warrant valuation (i) (ii) (iii)	-		(1,766,677)
Flow-through private placement (iv)	3,675,342		1,286,370
Issuance of shares for property interest (Note 6(e)) (vii)	6,034,010		1,690,000
Exercise of warrants (v)	500,000		134,840
Exercise of options (vi)	40,000		19,400
Balance, June 30, 2021	**86,393,450**	**$**	**24,839,707**

	Shares		Amount
Balance, June 30, 2021	**86,393,450**	**$**	**24,839,707**
Share issue costs (viii)	-		(286,381)
Share issue costs - finder warrants	-		(146,896)
Flow-through private placement (viii)	16,136,609		5,083,032
Issuance of warrants (viii)	-		(1,118,911)
Issuance of shares for property interest (Note 6(e))	3,551,055		992,500
Exercise of warrants (v)	2,922,558		788,862
Balance, June 30, 2022	**109,003,672**	**$**	**30,151,913**

(i) On September 15, 2020, the Company completed a private placement consisting of the sale of 4,761,920 units ("Part & Parcel Unit") at $0.105 per Part & Parcel Unit for gross proceeds of $500,002. Each Part & Parcel Unit was comprised of one common share in the capital of the Company and one common share purchase warrant at an exercise price of $0.21 per Warrant for two years from the date of issuance. In connection with the private placement, directors and officers of the Company, acquired a total of 2,870,050 Part & Parcel Units for aggregate proceeds of approximately $301,355. A fair value of $203,546 was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 0.26%; expected life of 2 years; and an expected volatility of 171% based on the Company’s historical trading data.

(ii) On October 1, 2020, the Company closed its second and final tranche (the "Second Tranche') of the nonbrokered private placement annouced on September 2, 2020. The Second Tranche consisted of the sale of 9,523,810 units ("Units") at a price of $0.1575 per Unit for aggregate gross proceeds of $1,500,000. Each Unit is comprised of one common share in the capital of the Company and one share purchase warrant at an exercise price of $0.21 per warrant for a period of two years from the date of issuance. In connection with the closing of the Second Tranche, the Company paid finder fees of $14,175 and issued 90,000 finder warrants to acquire Units at $0.1575 per Unit. A fair value of $637,504 and $10,477 for warrants and finder warrants respectively, was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 0.24%; expected life of 2 years; and an expected volatility of 171% based on the Company’s historical trading data.

8. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Issued (Continued)

Directors and/or officers of an insider of the Company acquired an aggregate of 385,700 Units for gross proceeds of $60,748.

(iii) On May 21, 2021, the Company completed a private placement consisting of the sale of 13,157,895 units at $0.19 per unit for gross proceeds of $2,500,000. In connection with the private placement, certain directors, officers and other related persons acquired a total of 913,895 common shares. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant at an exercise price of $0.25 per warrant for a period of two years from the date of issuance. In connection with the private placement, the Company paid finder fees of $38,101. A fair value of $952,710 for warrants was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 0.33%; expected life of 2 years; and an expected violatility of 155% based on the Company's historical trading data.

(iv) On December 30, 2020, the Company closed a non-brokered private placement consisting of the sale of 3,675,342 flow-through shares ("FT Share") at a price of $0.35 per FT share for aggregate gross proceeds of $1,286,370. Each FT Share is composed of one common share of the Company. In connection with the flowthrough offering, the Company paid commissions of an aggregate of $26,736 in cash and 76,388 finder warrants exercisable at a price of $0.35 per common share for a period of 24 months from the closing of the offering. A fair value of $19,700 was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 0.20%; expected life of 2 years; and an expected volatility of 169% based on the Company's historical trading data.

(v) During the year ended June 30, 2022, 2,922,558 (June 30, 2021 - 500,000) warrants were exercised at a price of $0.21 per warrant for gross proceeds of $613,739, and $175,123 (June 30, 2021 - $105,000 and $29,840) respectively, was reclassified from warrant reserves for a total value amount of $788,862.

(vi) On June 3, 2021, 40,000 options were exercised at a price of $0.25 per unit for gross proceeds of $10,000.

(vii) On June 3, 2021, 34,010 shares valued at $10,000 were issued in accordance with the Golden Baie Project (note 6(e)).

(viii) On December 8, 2021, the Company announced its completion of a non-brokered private placement, consisting of the sale of 14,412,471 flow-through units (each a "FT Unit") at a price of $0.315 per FT Unit and 1,724,138 premium flow-through units (each a "Premium FT Unit", and together with the FT Units) at a price of $0.39 per Premium FT Unit for aggregate gross proceeds of $5,212,342. Each FT Unit is composed of one common share of the Company issued on a flow-through basis within the meaning of the Income Tax Act (Canada) (the "Tax Act") and one-half of one share purchase warrant. A flow-through premium liability was recorded in connection with this financing.

A director of the Company subscribed for an aggregate of 158,800 FT Units.

Each whole warrant will entitle the subscriber to purchase one additional share at a price of $0.42 until the second anniversary of the closing date of the offering. A fair value of $1,118,911 was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; share price of $0.238; risk free interest rate of 1.14%; expected life of 2 years; and an expected volatility of 155% based on the Company's historical trading data.

In connection with the flow-through offering, the Company paid commissions of an aggregate of $286,381 in cash and 908,019 finder warrants. Each finder warrant will entitle the holder thereof to purchase one share at an exercise price of $0.315 per finder warrant for a period of 24 months from closing of the offering. A fair value of $146,896 was estimated using the Black-Scholes pricing model based on the following weighted

(EXPRESSED IN CANADIAN DOLLARS)

8. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

average assumptions: expected dividend yield of 0%; risk free interest rate of 1.14%; share price of $0.238; expected life of 2 years; and an expected volatility of 155% based on the Company's historical trading data.

(c) Stock Options

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2020	**747,500**	**$ 0.38**
Granted (i)(ii)(iii)	5,800,000	0.28
Exercised	(40,000)	(0.25)
Expired	(100,000)	(0.30)
Balance, June 30, 2021	**6,407,500**	**$ 0.29**
Granted (iv)	3,250,000	0.28
Expired	(1,157,500)	(0.28)
Balance, June 30, 2022	**8,500,000**	**$ 0.28**

(i) On October 14, 2020, the Company granted 3,800,000 stock options to directors, officers, consultants and employees of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.28 for a period of 5 years. The options vest as to 1/3 on the grant date and 1/3 on each of the first and second anniversaries of the grant date. A grant date fair value of $950,453 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 0.35%; expected life of 5 years; and an expected volatility of 160% based on the Company's historical trading data.

(ii) On February 8, 2021, the Company granted 1,200,000 stock options to consultants and employees of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.28 for a period of 5 years. The options vest as to 1/3 on the grant date and 1/3 on each of the first, and second anniversaries of the grant date. A grant date fair value of $241,358 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 0.50%; expected life of 5 years; and an expected volatility of 158% based on the Company's historical trading

(iii) On April 26, 2021, the Company granted 800,000 stocks options to consultants and employees of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.28 for a period of 5 years. The options vest as to 25% on the grant date, then 25% each on the six, twelve and eighteen months after the grant date. A grant date fair value of $173,868 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 0.94%; expected life of 5 years; and an expected volatility of 152% based on the Company's historical trading data.

(iv) On December 10, 2021, the Company granted 3,250,000 stock options to directors, officers, consultants and employees of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.28 for a period of 5 years. The options vest 1/3 on the date of grant and 1/3 on each of the first and second anniversaries of the grant date. A grant date fair value of $680,882 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 1.31%; expected life of 5 years; and an expected volatility of 155% based on the Company's historical trading data.

(EXPRESSED IN CANADIAN DOLLARS)

8. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options (continued)

The total value of share-based payments for the year ended June 30, 2022 was $570,127, (year ended June 30, 2021 - $859,364).

As at June 30, 2022, the following stock options were outstanding:

Number of Options	Exercisable Options	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
150,000	100,000	$0.10	0.02	October 19, 2023
3,600,000	2,400,000	$0.28	1.39	October 14, 2025
700,000	466,666	$0.28	0.30	February 8, 2026
800,000	600,000	$0.28	0.36	April 26, 2026
3,250,000	1,083,333	$0.28	1.70	December 10, 2026
8,500,000	**4,649,999**	**$0.28**	**3.78**	

(d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2020	**-**	**$ -**
Issued (Note 8(b)(i)(ii)(iii))	27,610,013	0.23
Exercised (Note 8(b)(v))	(500,000)	(0.21)
Balance, June 30, 2021	**27,110,013**	**$ 0.23**
Issued (Note 8(b)(viii))	8,976,324	0.41
Exercised (Note 8(b)(v))	(2,922,558)	0.21
Balance, June 30, 2022	**33,163,779**	**$ 0.28**

As at June 30, 2022, the following warrants were outstanding.

Black-Scholes Valuation	Number of Warrants	Exercise Price	Expiry Date
$ 158,896	3,912,630	$0.21	September 15, 2022
458,193	6,950,542	$0.21	October 1, 2022
10,477	90,000	$0.1575[1]	October 1, 2022
20,508	76,388	$0.35	December 30, 2022
944,625	13,157,895	$0.25	May 21, 2023
1,118,911	8,068,305	$0.42	December 7, 2023
146,896	908,019	$0.315	December 7, 2023
$ 2,858,506	**33,163,779**	**$0.28**	

[1] Each warrant is exercisable into one unit comprised of one common share and one common share purchase warrant at $0.21 until October 1, 2022.

(EXPRESSED IN CANADIAN DOLLARS)

9. 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.

Fair value hierarchy

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2021.

	Level 1	Level 2	Level 3	Total
Investments	$ 66,500	$ -	$ -	$ 66,500
Cash and cash equivalents	279,445	-	-	279,445
Marketable securities	4,000,957	-	-	4,000,957
	$ 4,346,902	**$ -**	$ -	**$ 4,346,902**

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2022.

	Level 1	Level 2	Level 3	Total
Investments	$ 70,700	$ -	$ -	$ 70,700
Cash and cash equivalents	201,251	-	-	201,251
Marketable securities	4,714,600	-	-	4,714,600
	$ 4,986,551	**$ -**	$ -	**$ 4,986,551**

There were no transfers between Level 2 and Level 3 during the years ended June 30, 2022 and 2021.

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 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 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, 2022, the Company had a cash and cash equivalents balance of $201,251 (2021 - $279,445) and marketable securities of $4,714,600 (2021 - $4,000,957) to settle current liabilities of $119,747 (2021 - $293,680) excluding the flow-through premium liability. 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.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Company has cash and cash equivalents 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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. 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 a twelve-month period:

(i) Cash and cash equivalents and marketable securities 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 balance at June 30, 2022, would affect the net loss by plus or minus $2,000, 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.

(iii) As a result of the 70,000 shares held in Angus, a 10% fluctuation in fair value of the shares in Angus would result in a change in fair value of $7,070.

(iv) As a result of the GICs and exchange traded funds held in marketable securities, a 1% fluctuation in fair value of the marketable securities would result in a change in fair value of $47,200.

10. 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, 2022 and 2021.

(EXPRESSED IN CANADIAN DOLLARS)

11. 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:

The remuneration of directors and key management during the years ended June 30, 2022 and June 30, 2021 were as follows:

	Year Ended June 30, 2022	Year Ended June 30, 2021
Short-term benefits	**$ 140,981**	$ 75,975
Share-based payment	**569,278**	665,596
	$ 710,259	$ 741,571

During the year ended June 30, 2022, $140,981 (year ended June 30, 2021 - $75,975) was paid to directors and key management and included in management fees. Included in accounts payable as at June 30, 2022, is $nil owing to a corporation controlled by an officer, who is also a director of the Company (June 30, 2021 - $8,475).

During the year ended June 30, 2022, the Company incurred $59,231 (year ended June 30, 2021 - $45,637) for professional fees and legal expenses incurred for the Golden Baie property option agreements and $nil, (year ended June 30, 2021 - $93,348) for share issue costs, charged by Peterson McVicar LLP, a law firm of which a former director is a partner. As at June 30, 2022, $6,765 was payable to this law firm (June 30, 2021 - $3,045) and this amount was included in accounts payable and accrued liabilities.

During the year ended June 30, 2022, the Company incurred $7,500 (year ended June 30, 2021 - $11,910) for rent charged by a third-party that was previously a significant shareholder of the Company.

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. Amounts payable to related parties are unsecured, non-interest bearing and due on demand.

See Note 8(b)(i)(ii)(viii).

As at June 30, 2022, the directors and officers of the Company together control 3,885,077 common shares or approximately 3.6% of the total common shares outstanding (June 30, 2021 - 19,901,160 common shares or approximately 23% of the total common shares outstanding).

One investor, namely 2176423 Ontario Ltd., controls 27,863,339 common shares, or approximately 26% of the total common shares outstanding as at June 30, 2022 (June 30, 2021 - 10,527,000 common shares, or approximately 12% of the total common shares outstanding).

(EXPRESSED IN CANADIAN DOLLARS)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

Two other corporate investors, namely Adventus Mining Corporation and Altius Resources Inc., were no longer insiders of the Company as at June 30, 2022 because they own less than 10% of the common shares outstanding (June 30, 2021 - 17,336,339 and 7,669,024 common shares respectively, or approximately 20% and 9%, respectively, of the total common shares outstanding).

12. INCOME TAXES

The reconciliation of the income tax recovery, calculated using the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 – 26.5%) is as follows:

	2022	2021
Loss before income taxes	**$ (8,855,061)**	$ (1,426,923)
Expected income tax (recovery)	**(2,501,555)**	(403,110)
Adjustments to benefit resulting from:		
Share-based payments and other non-deductible expenses	**148,000**	239,310
Share issuance cost booked directly to equity	**(122,400)**	(41,940)
Effect of flow-through renunciation	**671,560**	207,360
Changes in unrecognized tax benefits	**1,804,395**	(1,620)
Income tax (recovery)	**$ -**	$ -

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	2021
Non-capital losses	**$ 2,170,450**	$ 1,412,890
Capital loss carry-forwards	**172,060**	172,060
Exploration properties	**2,049,070**	2,130,950
Share issue costs	**474,570**	195,520
Investment tax credits and other	**62,970**	73,430
	$ 4,929,120	$ 3,984,850

The Canadian operating tax loss carry forwards expire as noted in the table below. The capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Investment tax credit expire from 2029 - 2034

The remaining deductible temporary differences may be carried forward indefinitely. 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 group can utilize the benefits therefrom

(EXPRESSED IN CANADIAN DOLLARS)

12. INCOME TAXES (CONTINUED)

The Company's Canadian operating tax losses expire as follows;

2026	$ 94,020
2027	100,880
2028	100,880
2029	102,290
2030	89,850
2031	35,860
2032	13,710
2035	2,410
2036	10,580
2037	16,610
2038	15,830
2039	52,760
2040	302,470
2041	470,180
2042	762,120
	$ 2,170,450

13. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended June 30, 2022 was based on the net loss attributable to common shareholders of $8,855,062 (year ended June 30, 2021 - $1,426,923) and the weighted average number of common shares outstanding of 100,158,052 (year ended June 30, 2021 - 66,568,242). Diluted loss per share did not include the effect of 8,500,000 options and 33,163,779 warrants outstanding (June 30, 2021 - 6,407,500 options and 27,110,013 warrants outstanding) as they are anti-dilutive.

14. 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.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Supply chain disruption, in addition to the higher energy prices associated with the war in Ukraine, have resulted in inflationary pressure. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition in future periods. The Company is closely monitoring the business environment as a result to ensure minimal disruption to business operations.

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Flow-Through Commitment

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. The Company is committed to incur flow-through eligible expenditures of $5,212,342 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2022 arising from flow-through offerings, of which approximately $1,774,625 has been incurred to June 30, 2022 with a balance of $3,437,717 to be spent.

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2022, the Company entered into a binding property purchase agreement with four individuals ("the vendors"), in which the vendors transferred 100% of their beneficial interest in the Bernards Pond and Roti Bay claims, subject to the retention by the vendors of a 2.0% net smelter return royalty from all commerical production on the Bernards pond claims and Roti Bay claims ("the Royalty"). The vendors transferred to the Company their benefical interest in the Royalty, in consideration for the issuance of 250,000 common shares of the Company and payment of an aggregate of $30,920 for reimbursement of certain fees incurred by them.

Subsequent to June 30, 2022, 10,863,172 warrats with an exercise price of $0.21 and 90,000 warrants with an exercise price of $0.1575 expired unexercised.

On July 5, 2022 the Company acquired four claims, covering 100 hectares located along the Little River Trend, from an arm's length third party in exchange for a nominal cash payment and a 2% Net Smelter Royalty.