
CANSTAR RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Canstar Resources Inc. (the "Company" or "Canstar") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements and (ii) the unaudited condensed interim consolidated 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 consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated 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 consolidated 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 consolidated 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.

NOTICE TO READER

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

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

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

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

As at	March 31, 2023	June 30, 2022
ASSETS		
Current		
Cash and cash equivalents	\$ 332,509	\$ 201,251
Amounts receivable and prepaid expenses	489,119	523,228
Advances receivable	28,028	77,858
Marketable securities (Note 3)	375,746	4,714,600
Investments (Note 4)	52,500	70,700
Total current assets	1,277,902	5,587,637
Golden Baie security deposit (Note 5)	265,450	265,450
Equipment (Note 6)	16,571	18,222
Interest in exploration properties and deferred exploration expenditures (Notes 5 and 8)	11,872,781	7,375,911
Total assets	\$ 13,432,704	\$ 13,247,220
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 388,687	\$ 119,747
Flow-through premium	-	85,285
Total liabilities	388,687	205,032
SHAREHOLDERS' EQUITY		
Capital stock (Note 7(b))	30,278,135	30,151,913
Warrants (Note 7(d))	2,210,432	2,858,506
Share-based payment reserve (Note 7(c))	1,883,616	1,583,419
Shares to be issued (Note 5(a))	200,000	-
Deficit	(21,528,166)	(21,551,650)
Total shareholders' equity	13,044,017	13,042,188
Total liabilities and shareholders' equity	\$ 13,432,704	\$ 13,247,220

Nature and Continuance of Operations (Note 1)
Commitments and Contingencies (Notes 5 and 9)
Subsequent Events (Note 10)

APPROVED ON BEHALF OF THE BOARD:

"R. Bruggeman", Director

"S. Leung", Director

See accompanying notes to the unaudited condensed interim consolidated financial statements.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Operating expenses				
Share-based payment (Notes 7(c) and 8)	\$ 58,279	\$ 128,934	\$ 214,276	\$ 601,945
Interest and bank charges	31,892	(498)	32,934	12,500
Transfer agent and filing fees	9,014	3,019	24,539	50,996
Management fees (Note 8)	51,456	63,319	202,134	127,523
Professional fees	24,934	69,943	100,564	128,338
General and office expenses	29,320	52,733	143,778	108,974
Shareholder information	-	787	6,306	9,466
Depreciation (Note 6)	980	127	2,940	357
Rent (Note 8)	1,800	2,100	5,400	4,500
Travel	-	-	746	-
Total operating expenses	207,675	320,464	733,617	1,044,599
Loss before items below:	(207,675)	(320,464)	(733,617)	(1,044,599)
Fair value adjustment on marketable securities	-	(7,893)	-	9,699
Interest income and dividend income (Note 3)	14,062	1,472	41,851	1,586
Realised gain on marketable securities (Note 3)	-	-	-	1,262
Fair value adjustment on investments (Note 4)	(3,460)	15,400	(18,109)	14,700
Flow-through premium	-	19,815	85,285	19,815
Net loss and comprehensive loss for the period	\$ (197,073)	\$ (291,670)	\$ (624,590)	\$ (997,537)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares				
- basic and diluted	110,342,559	108,594,996	109,895,158	97,230,160

See accompanying notes to the unaudited condensed interim consolidated financial statements.

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

	Nine Months Ended March 31,	
	2023	2022
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	\$ (624,590)	\$ (997,537)
Charges not involving cash:		
Share-based payment expense	214,276	601,945
Fair value adjustment on marketable securities	-	(9,699)
Depreciation	2,940	357
Flow-through premium	(85,285)	(19,815)
Fair value adjustment on investments	18,109	(11,918)
Realised gain on sale of marketable securities	-	(1,262)
	(474,550)	(437,929)
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	34,109	(711,419)
Advances receivable	49,830	(10,000)
Accounts payable and accrued liabilities	268,940	22,908
Cash flows used in operating activities	(121,671)	(1,136,440)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from flow-through financing	-	5,212,342
Share issue costs	-	(286,381)
Proceeds from exercise of warrants	-	613,739
Cash flows from financing activities	-	5,539,700
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Interest in exploration properties and deferred exploration expenditures	(4,053,944)	(2,371,600)
Proceeds from sale of marketable securities	5,083,408	1,400,323
Interest and dividend income	-	(1,586)
Purchase of marketable securities	(775,246)	(3,500,000)
Purchase of equipment	(1,289)	-
Cash flows from (used in) investing activities	252,929	(4,472,863)
Change in cash and cash equivalents	131,258	(69,603)
Cash and cash equivalents, beginning of period	201,251	279,445
Cash and cash equivalents, end of period	\$ 332,509	\$ 209,842
SUPPLEMENTAL INFORMATION		
Share-based compensation capitalized to exploration expenditure properties	\$ 86,315	\$ -
Common shares issued for property interests	\$ 126,222	\$ 992,500
Interest income received	\$ 41,851	\$ -
Finder's warrants issued	\$ -	\$ 146,896
Shares to be issued	\$ 200,000	\$ -
CASH AND CASH EQUIVALENTS, as at March 31		
Cash	\$ 281,003	\$ 148,902
Cash equivalents	51,506	60,940
	\$ 332,509	\$ 209,842

See accompanying notes to the unaudited condensed interim consolidated financial statements.

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

	Capital Stock	Shares to be Issued	Warrants	Share-based Payment Reserve	Deficit	Total
Balance, June 30, 2021	\$ 24,839,707	\$ -	\$ 1,767,822	\$ 1,031,699	\$ (12,907,071)	\$ 14,732,157
Share-based payment expense	-	-	-	601,945	-	601,945
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	5,083,032	-	-	-	-	5,083,032
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 period	-	-	-	-	(997,537)	(997,537)
Balance, March 31, 2022	\$ 30,151,913	\$ -	\$ 2,858,506	\$ 1,423,161	\$ (13,694,125)	\$ 20,739,455
Balance, June 30, 2022	\$ 30,151,913	\$ -	\$ 2,858,506	\$ 1,583,419	\$ (21,551,650)	\$ 13,042,188
Share-based payment expense	-	-	-	214,276	-	214,276
Share-based payment capitalized	-	-	-	85,921	-	85,921
Common shares issued for property interest	126,222	200,000	-	-	-	326,222
Expiry of warrants	-	-	(648,074)	-	648,074	-
Net loss for the period	-	-	-	-	(624,590)	(624,590)
Balance, March 31, 2023	\$ 30,278,135	\$ 200,000	\$ 2,210,432	\$ 1,883,616	\$ (21,528,166)	\$ 13,044,017

See accompanying notes to the unaudited condensed interim consolidated financial statements.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2023

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 unaudited condensed interim consolidated financial statements were approved by the Board of Directors on May 29, 2023.

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.

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next 12 months. At March 31, 2023, the Company had an accumulated deficit since inception and expects to incur further losses in the advancement of its exploration and evaluation properties. The Company will need to generate additional financial resources in order to advance and develop its exploration and evaluation properties and there is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will complete its anticipated financing, obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate financing, the Company may ultimately be required to curtail its operations and discontinue as a going concern. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate, adjustments would be necessary to the carrying values of the assets and liabilities, reported revenues and expenses, and statement of financial position classifications in these consolidated financial statements. Such adjustments could be material.

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. 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 consolidated 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 consolidated financial statements are based on IFRSs issued and outstanding as of May 29, 2023, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended June 30, 2022. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending June 30, 2023 could result in restatement of these unaudited condensed interim consolidated financial statements.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2023

3. 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 three and nine months ended March 31, 2023, the Company recognized a realised gain of \$nil (three and nine months ended March 31, 2022 - \$nil and \$1,262, respectively). During the three and nine months ended March 31, 2023, the Company also earned interest and dividend income of \$14,062 and \$41,851 respectively (three and nine months ended March 31, 2022 - \$1,472 and \$1,586, respectively) from investment activity.

Marketable securities have been designated as fair value through profit or loss and are recorded at fair value, with changes recognized in the unaudited condensed interim consolidated statements of operations and comprehensive loss.

Marketable securities are composed of:

	As at March 31, 2023	As at June 30, 2022
GICs	\$ 375,746	\$ 4,714,600

4. INVESTMENTS

As at March 31, 2023	Number of Common Shares	Cost	Market Value Adjustment	Fair Value
Angus Gold Inc. ("Angus")	70,000	\$ 14,000	\$ 38,500	\$ 52,500

As at June 30, 2022	Number of Common Shares	Cost	Market Value Adjustment	Fair Value
Angus	70,000	\$ 14,000	\$ 56,700	\$ 70,700

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 period ended March 31, 2023.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
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NINE MONTHS ENDED MARCH 31, 2023

5. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	Buchans- Mary March Properties	Golden Baie Property	Total
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2021	\$4,887,465	\$1,740,000	\$6,627,465
Incurred during the period	-	992,512	992,512
Balance, March 31, 2022	4,887,465	2,732,512	7,619,977
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2021	2,774,707	1,164,063	3,938,770
Access	13,603	65,315	78,918
Equipment, rentals, camp, and general	5,111	399,364	404,475
Assaying	561	125,792	126,353
Drilling	-	971,886	971,886
Field supplies	-	60,865	60,865
Geological consulting	-	76,836	76,836
Labour and supervision	45,555	473,775	519,330
Travel	-	132,925	132,925
Balance, March 31, 2022	2,839,537	3,470,821	6,310,358
Total, March 31, 2022	\$7,727,002	\$6,203,333	\$13,930,335

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
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5. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

	Golden Baie Property	Total
PROPERTY ACQUISITION COSTS		
Balance, June 30, 2022	\$2,732,500	\$2,732,500
Incurring during the period	434,732	434,732
Balance, March 31, 2023	3,167,232	3,167,232
DEFERRED EXPLORATION COSTS		
Balance, June 30, 2022	4,643,411	4,643,411
Recovered from government	-	(184,735)
Equipment, rentals, camp, and general Access	446,362	446,362
Assaying	83,978	83,978
Drilling	557,600	557,600
Field supplies	1,254,417	1,254,417
Geological consulting	110,536	110,536
Labour and supervision	783,870	783,870
Travel	816,720	816,720
Balance, March 31, 2023	193,390	193,390
Total, March 31, 2023	8,705,549	8,705,549
	\$11,872,781	\$11,872,781

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2023

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

a) 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. These have been reflected as shares to be issued and valued at \$200,000 as at November 18, 2022.
- 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. Refer to Note 7(b)(iv).
- 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% Net Smelter Return ("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.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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5. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES
(CONTINUED)

a) 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 years ended June 30, 2021 and 2022, the Company put up security bonds to keep certain Golden Baie claims in good standing. Once the required expenditures have been achieved, the bonds will be returned to the Company.

Pursuant to an 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 an 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.

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

On August 15, 2022, the Company completed a 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% NSR from all commercial production on the Bernards pond claims and Roti Bay claims. The vendors transferred to the Company their beneficial interest in the Bernards Pond and Roti Bay claims, in consideration for the issuance of 250,000 common shares (issued and valued at \$30,000 based on the quoted share price of \$0.12 at the time of issuance) of the Company and payment of an aggregate of \$30,920 for reimbursement of certain fees incurred by them. Refer to Note 7(b)(iii).

On December 8, 2022, the Company issued 88,887 common shares pursuant to the option agreement dated November 24, 2020. Refer to Note 7(b)(v).

CANSTAR RESOURCES INC.
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b) 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 had 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. 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 two map-staked licenses.

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%) 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.

During the year ended June 30, 2022, an impairment of \$4,887,465 and \$2,846,420 respectively, on the property acquisition 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.

During the year ended June 30, 2022, Buchans-Mary March Properties were impaired. See Note 5(b)(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.

During the year ended June 30, 2022, Buchans-Mary March Properties were impaired. See Note 5(b)(i).

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2023

6. EQUIPMENT

Cost	Office and field equipment
Balance, June 30, 2022	\$ 29,977
Additions	1,289
Balance, March 31, 2023	\$ 31,266
Accumulated Depreciation	Office and field equipment
Balance, June 30, 2022	\$ 11,755
Depreciation	2,940
Balance, March 31, 2023	\$ 14,695
Carrying Value	Office and field equipment
Balance, June 30, 2022	\$ 18,222
Balance, March 31, 2023	\$ 16,571

7. CAPITAL STOCK, OPTIONS AND WARRANTS

(a) Authorized

Unlimited number of common shares, without par value.

(b) Issued

110,342,559 common shares

Summary of changes in capital stock:

	Shares	Amount
Balance, June 30, 2021	86,393,450	\$ 24,839,707
Share of issue costs	-	(286,381)
Share of issue costs - finder warrants (ii)	-	(146,896)
Issuance of warrants (ii)	-	(1,118,911)
Flow-through private placement (ii)	16,136,609	5,083,032
Issuance of shares for property interest (Note 5(a))	3,551,055	992,500
Exercise of warrants (i)	2,922,558	788,862
Balance, March 31, 2022	109,003,672	\$ 30,151,913
Balance, June 30, 2022	109,003,672	\$ 30,151,913
Issuance of shares for property interest (iii)(iv)(v)	1,338,887	126,222
Balance, March 31, 2023	110,342,559	\$ 30,278,135

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7. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

b) Issued (Continued)

(i) During the period ended March 31, 2022, 2,922,558 warrants were exercised at a price of \$0.21 per warrant for gross proceeds of \$613,739, and \$175,123 was reclassified from warrants reserve for a total value amount of \$788,862.

(ii) 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. The Company satisfied the \$5,212,342 flow-through expenditure commitment by December 31, 2022.

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 average assumptions: expected dividend yield of 0%; 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.

(iii) On August 15, 2022, 250,000 shares based on the quoted price of the shares at the time of issuance, valued at \$30,000 were issued in accordance with the Golden Baie Project (Note 5(a)).

(iv) On October 5, 2022, 1,000,000 shares based on the quoted price of the shares at the time of issuance, valued at \$90,000 were issued in accordance with the Golden Baie project (Note 5(a)).

(v) On December 8, 2022, 88,887 shares based on the quoted price of the shares at the time of issuance, valued at \$6,222 were issued in accordance with the Golden Baie project (Note 5(a)).

(c) Stock Options

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2021	6,407,500	\$ 0.29
Granted (i)	3,250,000	0.28
Expired	(1,157,500)	(0.28)
Balance, March 31, 2022	8,500,000	\$ 0.28

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7. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options (continued)

Balance, June 30, 2022	8,500,000	\$	0.28
Granted (ii)	2,475,000		0.06
Balance, March 31, 2023	10,975,000	\$	0.23

(i) 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.

(ii) On March 24, 2023, the Company granted 2,475,000 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 \$0.06 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 \$135,984 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 2.77%; expected life of 5 years; and an expected volatility of 151% based on the Company's historical trading data.

(iii) The total value of share-based payments for the three and nine months ended March 31, 2023 was \$58,279 and \$214,276, respectively (three and nine months ended March 31, 2022 was \$128,934 and \$601,945), respectively \$18,841 and \$85,921, respectively was capitalized to deferred exploration expenditures (three and nine months ended March 31, 2022 - \$nil).

As at March 31, 2023, 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	0.55	October 19, 2023
3,600,000	3,600,000	\$0.28	2.54	October 14, 2025
700,000	700,000	\$0.28	2.86	February 8, 2026
800,000	800,000	\$0.28	3.07	April 26, 2026
3,250,000	2,166,667	\$0.28	3.70	December 10, 2026
2,475,000	825,000	\$0.06	4.99	March 24, 2028
10,975,000	8,191,667	\$0.23	3.47	

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7. 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, 2021	27,110,013	\$ 0.23
Issued (Note 7(b)(ii))	8,976,324	0.11
Exercised (Note 7(b)(i))	(2,922,558)	0.21
Balance, March 31, 2022	33,163,779	\$ 0.28
Balance, June 30, 2022	33,163,779	\$ 0.28
Expired	(11,029,560)	0.21
Balance, March 31, 2023	22,134,219	\$ 0.31

As at March 31, 2023, the following warrants were outstanding.

Black-Scholes Valuation	Number of Warrants	Exercise Price	Expiry Date
\$ 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
\$ 2,210,432	22,134,219	\$0.31	

8. 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 periods ended March 31, 2023 and March 31, 2022 were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Short-term benefits	\$ 30,000	\$ 47,681	\$ 135,000	\$ 133,155
Share-based payment	44,580	129,514	190,842	573,871
	\$ 74,580	\$ 177,195	\$ 325,842	\$ 707,026

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8. RELATED PARTY TRANSACTIONS (CONTINUED)

During the three and nine months ended March 31, 2023, \$30,000 and \$135,000, respectively (three and nine months ended March 31, 2022 - \$47,681 and \$133,155 respectively), was paid to key management and included in management fees.

During the three and nine months ended March 31, 2023, the Company incurred \$1,800 and \$5,400, respectively (three and nine months ended March 31, 2022 - \$2,100 and \$4,500, respectively) 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.

As at March 31, 2023, the directors and officers of the Company together control 4,123,077 common shares or approximately 3.7% of the total common shares outstanding (June 30, 2022 - 3,885,077 common shares or approximately 3.6% of the total common shares outstanding).

One investor, namely 2176423 Ontario Ltd., controls 27,863,339 common shares, or approximately 25% of the total common shares outstanding as at March 31, 2023 (June 30, 2022 - 27,863,339 common shares, or approximately 26% of the total common shares outstanding).

9. 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.

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) by incurring qualified exploration expenditures before December 31, of the year following the year in which the agreement is entered into. The Company indemnifies the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. Certain interpretations are required to assess the eligibility of flow through expenditures that if changed, could result in the denial of renunciation.

10. SUBSEQUENT EVENTS

Subsequent to March 31, 2023, 13,157,895 warrants with an exercise price of \$0.25 expired unexercised.

On May 4, 2023, the Company accepted the cancellation of 2,350,000 options and the options voluntarily surrendered by holders were cancelled effective May 4, 2023. The cancelled options all had an exercise price of \$0.28. Of the cancelled options, 2,050,000 options were surrendered by directors, senior officers and insiders of the Company. In addition, 300,000 options expired unexercised.