
CANSTAR RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

(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, 2022	June 30, 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 209,842	\$ 279,445
Amounts receivable and prepaid expenses	524,111	78,142
Advances receivable	42,023	32,023
Marketable securities (Note 3)	6,110,399	4,000,957
Investments (Note 4)	81,200	66,500
Total current assets	6,967,575	4,457,067
Golden Baie security deposit (Note 5)	265,450	-
Equipment (Note 6)	2,178	2,535
Interest in exploration properties and deferred exploration expenditures (Notes 5 and 8)	13,930,335	10,566,235
Total assets	\$ 21,165,538	\$ 15,025,837
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 8 and 9)	\$ 316,588	\$ 293,680
Flow-through premium (Note 7(b))	109,495	-
Total liabilities	426,083	293,680
SHAREHOLDERS' EQUITY		
Capital stock (Note 7(b))	30,151,913	24,839,707
Warrants (Note 7(d))	2,858,506	1,767,822
Share-based payment reserve (Note 7(c))	1,423,161	1,031,699
Deficit	(13,694,125)	(12,907,071)
Total shareholders' equity	20,739,455	14,732,157
Total liabilities and shareholders' equity	\$ 21,165,538	\$ 15,025,837

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

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,	
	2022	2021	2022	2021
Operating expenses				
Share-based payment (Notes 7(c) and 8)	\$ 128,934	\$ 163,935	\$ 601,945	\$ 294,585
Interest and bank charges	(498)	589	12,500	1,222
Transfer agent and filing fees	3,019	19,559	50,996	32,805
Management fees (Note 8)	63,319	28,150	127,523	68,645
Professional fees (Note 8)	69,943	24,079	128,338	163,069
General and office expenses	52,733	8,410	108,974	16,550
Shareholder information	787	804	9,466	9,030
Depreciation (Note 6)	127	155	357	414
Rent (Note 8)	2,100	600	4,500	10,110
Total operating expenses	320,464	246,281	1,044,599	596,430
Loss before items below:	(320,464)	(246,281)	(1,044,599)	(596,430)
Fair value adjustment on marketable securities	(7,893)	-	9,699	-
Interest income	1,472	-	1,586	-
Realised gain on marketable securities	-	-	1,262	-
Fair value adjustment on investments (Note 4)	15,400	(1,400)	14,700	12,600
Flow-through premium	19,815	-	19,815	-
Net loss and comprehensive loss for the period	\$ (291,670)	\$ (247,681)	\$ (997,537)	\$ (583,830)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares - basic and diluted	108,594,996	72,661,545	97,230,160	62,583,081

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,	
	2022	2021
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (997,537)	\$ (583,830)
Charges not involving cash:		
Share-based payment expense	601,945	294,585
Fair value adjustment on marketable securities	(9,699)	-
Depreciation	357	414
Flow-through premium	(19,815)	-
Fair value adjustment on investments	(11,918)	(12,600)
Realised gain on sale of marketable securities	(1,262)	-
	(437,929)	(301,431)
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(711,419)	(54,491)
Advances receivable	(10,000)	-
Accounts payable and accrued liabilities	22,908	53,774
Cash flows (used in) operating activities	(1,136,440)	(302,148)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	-	2,000,002
Proceeds from flow through financing	5,212,342	1,286,370
Share issue costs	(286,381)	(79,464)
Proceeds from exercise of warrants	613,739	-
Cash flows from financing activities	5,539,700	3,206,908
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest in exploration properties and deferred exploration expenditures	(2,371,600)	(724,767)
Proceeds from sale of marketable securities	1,400,323	-
Interest income	(1,586)	-
Purchase of marketable securities	(3,500,000)	-
Purchase of equipment	-	(1,032)
Cash flows (used in) investing activities	(4,472,863)	(725,799)
Change in cash and cash equivalents	(69,603)	2,178,961
Cash and cash equivalents, beginning of period	279,445	95,648
Cash and cash equivalents, end of period	\$ 209,842	\$ 2,274,609
SUPPLEMENTAL INFORMATION		
Common shares issued for property interests	\$ 992,500	\$ 1,680,000
Finder's warrants issued	\$ 146,896	\$ 30,985
CASH AND CASH EQUIVALENTS		
Cash	\$ 148,902	\$ 10,665
Cash equivalents	60,940	2,263,944
	\$ 209,842	\$ 2,274,609

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	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	-	-	294,585	-	294,585
Private placement	2,000,002	-	-	-	2,000,002
Share issue costs	(79,464)	-	-	-	(79,464)
Share issue costs - finder warrants	(30,985)	30,985	-	-	-
Issuance of warrants	(841,050)	841,050	-	-	-
Flow-through private placement	1,286,370	-	-	-	1,286,370
Expiry of stock options	-	-	(19,097)	19,097	-
Common shares issued for property interest	1,680,000	-	-	-	1,680,000
Net loss for the period	-	-	-	(583,830)	(583,830)
Balance, March 31, 2021	\$ 23,170,079	\$ 872,035	\$ 477,278	\$(12,064,936)	\$ 12,454,456
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

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, 2022

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 27, 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.

As at March 31, 2022, the Company had a deficit of \$13,694,125 (June 30, 2021 - \$12,907,071) and working capital of \$6,541,492 (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 March 31, 2022 is sufficient to support planned operations for at least the next 12 months.

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 27, 2022, 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, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending June 30, 2022 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, 2022

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, 2022, the Company recognized a realized gain of \$nil and \$1,262, respectively (three and nine months ended March 31, 2021 - \$nil). During the three and nine months ended March 31, 2022, the Company also earned interest of \$1,472 and \$1,586, respectively (three and nine months ended March 31, 2021 - \$nil) 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, 2022	As at June 30, 2021
GICs	\$ 4,249,880	\$ 1,249,880
Exchange traded funds	1,860,519	2,751,077
Marketable securities	\$ 6,110,399	\$ 4,000,957

4. INVESTMENTS

As at March 31, 2022	Number of Common Shares	Cost	Market Value Adjustment	Fair Value
Angus Gold Inc. ("Angus')	70,000	\$ 14,000	\$ 67,200	\$ 81,200

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 period ended March 31, 2022.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

5. 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
Incurring during the period	-	-	1,695,000	1,695,000
Impairment during the period	-	-	-	-
Balance, March 31, 2021	4,887,465	200,000	1,695,000	6,782,465
DEFERRED EXPLORATION COSTS				
Balance, June 30, 2020	2,722,710	200	-	2,722,910
Access	-	-	184,700	184,700
Equipment, rentals, camp, and general	10,702	-	50,211	60,913
Assaying	11,250	-	48,148	59,398
Field supplies	1,536	-	11,706	13,242
Geological consulting	21,300	-	210,321	231,621
Labour and supervision	25,269	-	122,478	147,747
Travel	807	-	11,339	12,146
Balance, March 31, 2021	2,793,574	200	638,903	3,432,677
Total, March 31, 2021	\$7,681,039	\$ 200,200	\$2,333,903	\$10,215,142

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

5. 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
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
Equipment, rentals, camp, and general Access	5,111	399,364	404,475
Assaying	13,603	65,315	78,918
Drilling	561	125,792	126,353
Field supplies	-	971,886	971,886
Geological consulting	-	60,865	60,865
Labour and supervision	-	76,836	76,836
Travel	45,555	473,775	519,330
Balance, March 31, 2022	-	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)
NINE MONTHS ENDED MARCH 31, 2022

5. 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.

The Company plans to continue exploration on this 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.

(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.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

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

b) Kenora Properties

The Company holds a 100% interest in certain properties in the Kenora, Ontario area, subject to a 1.5% NSR interest.

c) Slate Bay Properties

The Slate Bay Properties are comprised of eight contiguous patented claims located approximately 10 kilometres north of the town of Red Lake, Ontario. The Company holds a 75% interest in the property.

d) 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.

In consideration for the acquisition of 100% ownership subject to a 2% NSR, the Company issued 2,419,024 common shares valued at \$0.30 per common share.

During the year ended June 30, 2019, the Company reduced the number of claims held on the property and accordingly wrote down the property to \$200,000 which is the Company's estimate of the property's recoverable amount in a fair value less costs of disposal approach.

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

e) Golden Baie Property

The Golden Baie Property is comprised of 57 mineral exploration licenses covering an area of 62,175 hectares 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.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

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

e) Golden Baie Property (continued)

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;
- 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;
- 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; and
- 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 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.

On November 25, 2020, the Company announced that it has 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.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

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

e) Golden Baie Property (continued)

During the period ended December 31, 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 during the period ended December 31, 2021.

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 during the period ended December 31, 2021.

On February 9, 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. The Hermitage Property is contiguous with the Company's Golden Baie project.

6. EQUIPMENT

Cost	Office and field equipment
Balance, June 30, 2021 and March 31, 2022	\$ 13,477
Accumulated Depreciation	Office and field equipment
Balance, June 30, 2021	\$ 10,942
Depreciation	357
Balance, March 31, 2022	\$ 11,299
Carrying Value	Office and field equipment
Balance, June 30, 2021	\$ 2,535
Balance, March 31, 2022	\$ 2,178

7. CAPITAL STOCK, OPTIONS AND WARRANTS

(a) Authorized

Unlimited number of common shares, without par value.

(b) Issued

109,003,672 common shares

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

7. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Issued (Continued)

Summary of changes in capital stock:

	Shares	Amount
Balance, June 30, 2020	48,700,473	\$ 19,155,206
Private placement (i) (ii)	14,285,730	2,000,002
Cost of issue	-	(79,464)
Cost of issue - broker warrants	-	(30,985)
Warrant valuation (i) (ii)	-	(841,050)
Flow-through private placement (iii)	3,675,342	1,286,370
Issuance of shares for property interest (Note 5(e))	6,000,000	1,680,000
Balance, March 31, 2021	72,661,545	\$ 23,170,079
	Shares	Amount
Balance, June 30, 2021	86,393,450	\$ 24,839,707
Share issue costs (v)	-	(286,381)
Share issue costs - finder warrants	-	(146,896)
Flow-through private placement (v)	16,136,609	5,083,032
Issuance of warrants (v)	-	(1,118,911)
Issuance of shares for property interest (Note 5(e))	3,551,055	992,500
Exercise of warrants (iv)	2,922,558	788,862
Balance, March 31, 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. All securities issued are subject to the applicable statutory hold period of four months and one day from the closing.

(ii) On October 1, 2020, the Company closed its second and final tranche (the "Second Tranche") of the nonbrokered private placement announced 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. All securities issued are subject to the applicable statutory hold period of four months and one day from the closing.

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

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

7. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Issued (Continued)

(iii) 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. All securities issued are subject to the applicable statutory hold period of four months and one day from the closing.

(iv) 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 warrant reserves for a total value amount of \$788,862.

(v) 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, the "Offered Units") at a price of \$0.39 per Premium FT Unit for aggregate gross proceeds of \$5,212,342 (the "Offering"). Each FT Unit is composed of one (1) 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 (0.5) 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 flow-through units.

Each whole warrant will entitle the subscriber to purchase one (1) additional share at a price of \$0.42 until the second (2nd) anniversary of the closing date of the Offering (the "Expiry Date"). 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%; 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. All securities issued are subject to the applicable statutory hold period of four months and one day from the closing.

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 (1) 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. All securities issued are subject to the applicable statutory hold period of four months and one day from the closing.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

7. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options

A summary of changes in stock options is as follows:

Price	Number of Options	Weighted Average Exercise
Balance, June 30, 2020	747,500	\$ 0.38
Granted (i)(ii)	5,000,000	0.28
Expired	(100,000)	(0.30)
Balance, March 31, 2021	5,647,500	\$ 0.29
Balance, June 30, 2021	6,407,500	\$ 0.29
Granted (iii)	3,250,000	0.28
Expired	(1,157,500)	(0.28)
Balance, March 31, 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 each of the first, second and third 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 each of the first, second and third 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 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.

The total value of share-based payments expense for the three and nine months ended March 31, 2022 was \$128,934 and \$601,945, respectively (three and nine months ended March 31, 2021 - \$163,935 and \$294,585, respectively) relating to the vesting of granted stock options.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

7. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options (continued)

As at March 31, 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	0.03	October 19, 2023
3,600,000	2,400,000	\$0.28	1.50	October 14, 2025
700,000	233,333	\$0.28	0.32	February 8, 2026
800,000	400,000	\$0.28	0.38	April 26, 2026
3,250,000	1,083,333	\$0.28	1.80	December 10, 2026
8,500,000	4,216,666	\$0.28	4.03	

(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 7(b)(i)(ii)(iii))	14,452,118	0.26
Balance, March 31, 2021	14,452,118	\$ 0.26
Balance, June 30, 2021	27,110,013	\$ 0.23
Issued ((Note 7(b)(v))	8,976,324	0.11
Exercised ((Note 7(b)(iv))	(2,922,558)	0.21
Balance, March 31, 2022	33,163,779	\$ 0.28

As at March 31, 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.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

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, 2022 and March 31, 2021 were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Short-term benefits	47,681	\$ 7,500	\$ 133,155	\$ 38,475
Share-based payment	129,514	129,958	573,871	242,588
	177,195	137,458	\$ 707,026	\$ 281,063

During the three and nine months ended March 31, 2022, \$47,681 and \$133,155 (three and nine months ended March 31, 2021 - \$7,500 and \$38,475, respectively) was paid to directors and key management and included in management fees. Included in accounts payable as at March 31, 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 three and nine months ended March 31, 2022, the Company incurred \$30,537 and \$51,780, respectively (three and nine months ended March 31, 2021 - \$13,519 and \$66,829, respectively) for professional fees and \$nil, (three and nine months ended March 31, 2021 - \$nil and \$31,020, respectively) for share issue costs, charged by Peterson McVicar LLP, a law firm of which a former director is a partner. As at March 31, 2022, \$14,775 was payable to this law firm (June 30, 2021 - \$3,045) and this amount was included in accounts payable and accrued liabilities.

During the three and nine months ended March 31, 2022, the Company incurred \$2,100 and \$4,500, respectively (three and nine months ended March 31, 2021 - \$600 and \$10,110, 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.

See Note 7(b)(ii)(v).

As at March 31, 2022, the directors and officers of the Company together control 3,726,277 common shares or approximately 3.4% of the total common shares outstanding (June 30, 2021 - 19,901,160 common shares or approximately 23% of the total common shares outstanding).

As part of the flow-through financing that occurred during the period ended December 31, 2021, a director of Canstar subscribed to the Offering for an aggregate of 158,800 FT Units. See Note 7.

One investor, namely 2176423 Ontario Ltd., controls 27,863,339 common shares, or approximately 26% of the total common shares outstanding as at March 31, 2022 (June 30, 2021 - 10,527,000 common shares, or approximately 12% of the total common shares outstanding).

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2022

8. 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 March 31, 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).

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.

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.

Flow-Through Commitment

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with 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. The Company determined that it did not meet its flow-through expenditure commitment by December 31, 2019, and accordingly, a provision for interest and penalties on the shortfall has been recorded in the unaudited condensed interim consolidated financial statements. Included in accounts payable and accrued liabilities as at March 31, 2022 is \$48,000 (June 30, 2021 - \$48,000) relating to this provision, with an offsetting expense netted against the flow-through premium recovery reported in the unaudited condensed interim consolidated statement of operations and comprehensive loss. The Company is committed to incur flow-through eligible expenditures of \$6,498,712 by December 31, 2022, of which approximately \$2,085,113 has been incurred to March 31, 2022. The commitment to complete these expenditures by the dates noted above is based on a change by the Government of Canada, which extends the deadline to complete the necessary spending requirements from the issuance of flow-through shares raised in 2020 by one year.