CANSTAR RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2022

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim financial statements of Canstar Resources Inc. (the "Company" or "Canstar") for the three and nine months ended March 31, 2022, and the audited financial statements for the year ended June 30, 2021 and related notes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. This MD&A is made as of May 27, 2022.

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Company's website at www.canstarresources.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could"," would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of inferred mineral resources; future prices of base and precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in base and precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

DESCRIPTION OF THE BUSINESS

The Company is a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in Canada. The shares of the Company began trading on the TSX Venture Exchange under the symbol "ROX" on April 8, 2005. The Company is a reporting issuer in the provinces of Ontario, Alberta and British Columbia.

The following table contains a brief description of the Company's core exploration properties, post the transaction with Adventus Mining Corporation (formerly "Adventus Zinc Corporation, "Adventus") and Altius Minerals Corporation for the Buchans Property completed on July 30, 2018, and the option agreement for the Golden Baie Project executed on September 25, 2020. Further details with respect to the core properties are also provided in this document under the section entitled "Overall Performance".

Description of Core Property	Target Mineralization	Ownership Interest
The Golden Baie Property covers 62,175 hectares in 59 Mineral Exploration Licences and lies within the Coast of Bays region of south-central Newfoundland.	Gold	During the year ended June 30, 2021, the Company entered into definitive agreements with Altius Resources Inc., a wholly owned subsidiary of Altius, Minerals Corporation ("Altius") and other arm's length parties for the option to acquire a 100% interest in the Golden Baie Project. The Company can acquire this interest over a four-year period for aggregate cash payments of $325,000, aggregate share issuance of up to 13,833,333 common shares of the Company. In addition, the Company is required to fund exploration expenditures of $1,250,000 over a four-year period, of which $500,000 must be spent in the first year. Some of the optionors will be entitled to an aggregate milestone payment of $1,000,000 by the Company upon the Golden Baie Project claims achieving NI 43-101 defined measured and indicated mineral resources of at least 1,000,000 contained gold ounces.
The Hermitage Property is comprised of three (3) map-staked licenses containing 607 claims covering 15,175 hectares in southern Newfoundland that are contiguous with the Company's Golden Baie project	Gold	In the third quarter ended March 31, 2022, the Company entered into property purchase agreement with Altius under which Altius transferred to the Company its 100% interest in the Hermitage Property in consideration for the issuance of 500,000 common shares of the Company, subject to the retention by Altius of a 2.0% net smelter return royalty from all commercial production on the Hermitage Property.
The Buchans Property, consisting of 712 staked claims in 5 licenses totalling 9,288 hectares, abuts the north-west side of Company's Mary March Joint Venture and encompasses the majority of the north shore of Red Indian Lake.	Zinc-silver-lead-copper-gold	100% ownership held in Canstar's wholly owned subsidiary "Adventus Newfoundland Corporation" subject to a 2% NSR royalty payable to Altius.
The Mary March Joint Venture consists of four Fee Simple Grants consisting of five separate land parcels and covering 1,487 hectares and portions of two map-staked licenses containing 201 claims and covering 5,025 hectares located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland.	Zinc-silver-lead copper-gold	A 56% interest and right of first refusal on the remaining 44% interest held by Glencore plc, the Company's joint venture partner.(1) The Company is the operator.

The Daniel's Harbour Property is located in coastal Western Newfoundland and consists of 202 claims in a single license totalling 5,050 hectares. The Daniel's Harbour Property surrounds the former high-grade zinc mine operated by Teck Resources from 1975 to 1990.	Zinc	100% ownership subject to a 2% NSR royalty payable to Altius. During the year ended June 30, 2019, the Company reduced the number of claims held on this property and accordingly wrote-down the property by $541,240. During the year ended June 30, 2021, the Company wrote off the remaining balance of $200,200 as it did not have any exploration programs planned on this property in the near future.

Notes:

(1) The Company is required to make a cash payment of $2,000,000 within six months of commercial production. The Company's interest is also subject to a 1% NSR royalty due upon commencement of commercial production.

The Company also has one non-core property, identified in the table below.

Description of Property	**Target**	**Ownership Interest**
The Miminiska Property, comprised of three contiguous, unpatented mineral claims totaling 44 claim units, located approximately 100 kilometres east of Pickle Lake, Ontario.	Gold	100% owned

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

OVERALL PERFORMANCE

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

Trends

- Prices of precious and base metals and other minerals are extremely volatile and there are times when there is very limited availability of equity financing for the purposes of mineral exploration and development;
- The Company's future performance is largely tied to the outcome of future drilling results and the overall financial markets; and
- Current financial markets are likely to be volatile in Canada for the remainder of calendar 2022, reflecting ongoing economic concerns due to the global pandemic breakout of COVID-19, inflation, and the war in Ukraine. The actual and perceived impacts of these and other macro influences may have a material adverse effect on the global economy and on the stock market, including trading prices of the Company's shares and its ability to raise new capital. Companies worldwide have been negatively affected by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of base and precious metals exploration and development, particularly without excessively diluting the interest of current shareholders of the Company.

These trends may limit the Company's ability to discover and develop an economically viable mineral deposit.

The Golden Baie Project

The Golden Baie Project is the Company's flagship precious metals exploration asset. The Golden Baie Project covers 62,175 hectares in 59 Mineral Exploration Licences and lies within the Coast of Bays region of south-central Newfoundland.

On September 25, 2020, the Company entered into definitive agreements with Altius Resources Inc., a wholly owned subsidiary of Altius, and other arm's length parties for the option to acquire a 100% interest in the Golden Baie Project. The Company can acquire this interest over a four-year period for aggregate cash payments of $250,000, aggregate share issuance of 11,500,000 common shares of the Company, and the lesser of $500,000 worth of common shares or 2,000,000 common shares of the Company. In addition, the Company is required to fund exploration expenditures of $1,250,000 over a four-year period, of which $500,000 must be spent in the first year. The optionors will be entitled to an aggregate milestone payment of $1,000,000 by the Company upon the Golden Baie Project claims achieving NI 43-101 defined measured and indicated mineral resources of at least 1,000,000 contained gold ounces. 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.

On November 24, 2020, the Company entered into definitive agreements with Altius Resources Inc. and other arm’s length parties for the option to acquire a 100% interest in additional mineral claims located within the previously acquired Golden Baie Project claims. The Company can acquire this interest over a three-year period for aggregate cash payments of $75,000 and aggregate share issuance of $75,000 worth of common shares payable in installments as is equal to $75,000 divided by the greater of the prevailing 5-day volume weighted average price per share on the TSX Venture Exchange and $0.225.

Access to the Golden Baie Project is provided by Route 360, a paved highway which bisects the project area, and by recent power line and old forest resource roads. More remote areas are best accessed by helicopter while coastal sections can be accessed by boat from St. Albans or Conne River.

Golden Baie Fiscal Q3 2022 Exploration Highlights

During the third quarter ended March 31, 2022, the Company issued several announcements regarding the exploration program, including:

January 24, 2022 - Canstar Acquires the Hermitage Property, Expanding its Newfoundland Gold Exploration Project Claims to 774 km^2

The Company announced that it has entered into a binding property purchase agreement with Altius that sets out the principal terms and conditions upon which Altius will transfer to the Company its 100% interest in the Hermitage Property, comprised of three (3) map-staked licenses containing 607 claims covering 15,175 hectares (151.75 km2), subject to the retention by Altius of a 2.0% net smelter return royalty from all commercial production on the Hermitage Property.

February 8, 2022 - Canstar Intersects 11.8 g/t Gold over 5.7 Metres at Kendell, Commences Winter Drill Program

The Company announced additional assay results from 2021 drilling and channel sampling from the Kendell prospect at its Golden Baie project in south Newfoundland. Gold mineralization at the Kendell prospect was extended by approximately 50 metres down-dip. Notable intervals and higher grade intercepts included:

- 11.8 g/t gold over 5.69 metres in drill hole GB-21-50
- 45.7 g/t gold over 1.07 metres near surface in drill hole GB-21-20
- 11.7 g/t gold over 3.00 metres including 249.7 g/t gold over 0.09 metres in drill hole GB-21-51

The Company also announced that a winter diamond drill program has commenced at the Kendell prospect. This program is expected to include up to 35 new drill holes which total approximately 2,000 metres and reflect the shallow nature of the mineralization.

March 16, 2022 - Canstar Increases Winter Drill Program at Kendell Prospect

The Company provided an update on the winter drilling program at the Kendell prospect. Drilling commenced on February 8, 2022, and as of the date of the news release, 2,065 metres had been drilled in 31 holes. Based on preliminary drill core logging, the Company announced that it planned to drill an additional nine holes to bring the total winter drill program to approximately 3,000 metres. Assay results from the drill holes are expected to be received by June, which will enable planning of another phase of drilling on the Kendell prospect later in the year.

The Buchans-Mary March Project

The Buchans-Mary March Project consists of the Buchans Property and the Mary March Joint Venture. The Buchans-Mary March Project is the Company's flagship base metals exploration asset.

The Company acquired a 100% interest in the Buchans Property from Adventus Mining Corporation (formerly "Adventus Zinc Corporation", "Adventus") in exchange for common shares of the Company. Altius Minerals Corp. ("Altius") retains a 2% net smelter royalty on sales of mineral products from the Buchans Property. The Buchans Property currently comprises 712 staked claims held under 5 map staked licenses covering an area of 9,288 hectares located between the communities of Buchans and Buchans Junction in the Province of Newfoundland and Labrador, Canada.

The Buchans Property covers the majority of prospective Buchans Group stratigraphy that exists outside of the area of previous mining. Past production from the historic Buchans mining camp by the American Smelting and Refining Company (ASARCO) between 1928 and 1984 is reported by Kirkham (1987) to total 16.2 million tonnes of ore from five major orebodies having an average head grade of 14.51% zinc, 1.33% copper, 7.56% lead, 126 g/t silver and 1.37 g/t gold.

The Buchans Property is entirely underlain by the Ordovician Buchans Group which comprises a sequence of bimodal volcanic and volcaniclastic rocks of the Buchans River Formation which hosts all of the former producing massive sulphide deposits within the belt. Mineralization consists of sphalerite, galena, chalcopyrite, and lesser pyrite. Barite is the most abundant gangue mineral in the ores and alteration is characterized by quartz-chlorite-sericite +/- K-feldspar +/- carbonate.

The Company's primary exploration target for this project is a high-grade VMS deposit like those previously mined at Buchans. Although the Buchans area has had a long mining and exploration history, it was only during the period after the 1984 mine closure that thrust belt tectonic models emerged for the area, resulting in a simplified stratigraphic interpretation of the district geology and a more complex structural interpretation. The revised stratigraphic and structural models have opened new opportunities for exploration.

Prior to acquisition of the Buchans Property by the Company, Altius Minerals Corp carried out exploration programs on the Buchans Property holdings during the 2014 to 2016 period and these were initially focused on compiling historic data and interpreting it in light of the revised stratigraphic and structural interpretations. Work completed included re-logging of archived diamond drill core, digitizing and modelling of historic data sets (geochemical and geophysical surveys plus geology), characterizing physical property and other parameters of a historic rock sample library now held by the Newfoundland and Labrador Department of Natural Resources (NLDNR), and completion of limited field programs consisting of geological mapping and prospecting plus rock, till and soil sampling. Altius also participated in joint research with Memorial University of Newfoundland (MUN), funded by Research Development Corporation (RDC), to develop a till indicator mineral analysis system based on Scanning Electron Microscopy – Mineral Liberation Analysis® (SEM-MLA) methods. In addition to the above, Altius retained Geoscience North Ltd. in 2015 to carry out detailed digital geoscience database compilations for use in developing a fully integrated three dimensional (3D) geological-geophysical model of the Buchans district using the GOCAD® earth modelling platform. This was done to aid exploration targeting and is being developed as a key component of on-going property investigations.

Adventus acquired the Buchans Property from Altius Minerals in 2017 and a 3,867 line km high resolution heliborne time domain electromagnetic (TDEM) survey over the Buchans Property was completed during June 2017. Several target areas have been identified from the survey and follow up programs have been identified.

As part of its summer 2019 field program at Buchans-Mary March, Canstar discovered a new high-grade copper-gold massive sulphide occurrence, at surface, approximately 1.8 km along strike of the historic Mary March discovery hole, representing a new massive sulphide in bedrock discovery in the Buchans Camp. Canstar intends to follow up this discovery with additional ground-based geochemical and geophysical surveys, including additional prospecting, to further refine targets for drilling.

Canstar's 2020 program at Buchans-Mary March consisted of prospecting and soil sampling along the projection of the Mary March horizon to the east of the 2019 trench discovery to further refine trenching targets. Some prospective lithologies were found up to 1 km from the trench, approximately 2.8 km from the Mary March intercept. A sample reportedly uncovered during construction of a private driveway several years ago assayed 14.2% copper with 15.9 ppm silver. Other activities consisted of systematic prospecting in underexplored areas.

The Mary March Joint Venture

The Company earned its initial 50% interest in the Mary March Joint Venture by incurring $755,000 of property expenditures and issuing 100,000 common shares valued at $16,000 and 100,000 warrants valued at $8,600. The Company is also required to make a cash payment of $2,000,000 within six months of commercial production. The

Company's interest is also subject to a 1% NSR royalty due upon commencement of commercial production. The remaining 50% interest in the Joint Venture is held by Glencore, on which the Company maintains a right of first refusal. For exploration expenditures during 2013, 2014, 2015 and 2016, Glencore was subject to a voluntary reduction due to non-participation of these exploration programs. Canstar now holds a 56% interest in the Joint Venture and Glencore holds a 44% interest. Glencore did not contribute to the current program and accordingly, will be subject to an additional voluntary reduction.

The Mary March Joint Venture is comprised of four Fee Simple Grants consisting of five separate land parcels and covering 1,486.88Ha and portions of two map-staked licenses containing 201 claims and covering 5,025 hectares and is located approximately 20 kilometres east of the past producing Buchans mine, near Buchans Junction, Newfoundland. High grade Cu-Pb-Zn-Ag-Au massive sulphides of economic significance were discovered on the Mary March Joint Venture by Phelps in 1999, but the core discovery areas of the property had been dormant since August 2000.

The Company resumed exploration on the property in 2012, completing a 2,320 metre drilling program, where semi-massive and massive sulphides were intersected in four holes MM-12-21, MM-12-23, MM-13-27, and MM-13-28. These results were followed up in Fall of 2013 by completing a 1,146 metre drilling program, where additional massive sulphides and stockwork mineralization was encountered in all three completed drillholes. The Company also completed a five-hole diamond drilling program during the summer of 2014 testing both the Mary March and Nancy April zones. Results of the program are encouraging, indicating further along-strike potential of Mary March and a thickening of the Nancy April system. The Company also completed Phase I Drilling at the Mary March Zone, which consisted of drilling in five holes as well as downhole EM surveys on three of the five drill holes. The 2014 and 2019 drill programs are described in more detail, by zone, in the following section.

<u>Mary March Zone</u>

As part of the Company's exploration program, a number of targets were identified using geophysics. These targets were drill tested in August-September of 2014 with the extension of MM13-30 and a new hole, MM14-32. Highlights include:

- Borehole MM14-32 intercepted 11.5 metres 1.2% zinc, 0.2% lead, 1.8 g/t silver, 0.2 g/t gold from 431.5 to 443 metres, including an interval of 3.6 metres grading 2.7% zinc, 0.1% copper, 2.4 g/t silver and 0.1 g/t gold nested in the above intercept from 435.9 to 439.5 metres.

The results of this drilling are tabulated below:

BHID	From	To	Length	Zn%	Cu%	Pb%	Ag ppm	Au ppm
MM14-32	399.68	407	7.32	0.21	0.06	0.01	1.4	0.05
including...	399.68	402	2.32	0.33	0.05	0.02	1.35	0.07
MM14-32	410.39	416.19	5.8	0.43	0.08	0.02	3.45	0.13
including...	411.64	414.47	2.83	0.54	0.14	0.02	5.08	0.17
MM14-32	431.5	443	11.5	1.18	0.16	0.04	1.77	0.12
including...	434.5	441.1	6.6	1.84	0.13	0.06	1.88	0.09
including...	435.9	439.47	3.57	2.73	0.03	0.1	2.39	0.11

The Company completed Phase I Drilling at the Mary March Zone in January-March of 2019. Phase I Drilling consisted of 1,901 metres of drilling in five drill holes, as well as downhole EM surveys on three of the five drill holes. Notable intercepts of this drilling include:

Drillhole	From	To	Interval (m)	Zn%	Cu%	Pb%	Ag g/t	Au g/t
MM19-36	108.1	108.2	0.1	0.01	1.84	0.05	42	0.209
	462	763	1	0.72	0.04	0.003	2.0	0.899
MM19-37	7.0	13.0	6.0	0.52	0.02	0.05	1.1	0.043
including...	9.0	10.0	1.0	2.01	0.07	0.03	1.5	0.041
	38.3	44.4	6.1	0.56	0.09	0.07	1.1	0.030
including...	41.3	42.3	1.0	1.94	0.06	0.06	2.5	0.058
MM19-38	60.3	61.8	1.5	0.72	0.10	0.002	0.6	0.014
	130.1	130.4	0.3	0.59	0.21	2.19	8.2	0.016

The Company will follow up its initial Phase I Drilling with a ground based regional lithogeochemical program, mapping and prospecting, coupled with core review and a structural re-interpretation, to refine future drill targets.

Nancy April Zone

A key development to the drilling results reported in Q2 2014 was the confirmation of the existence of a continuous stockwork zone formed by hydrothermal processes that are conducive to the development of VMS deposits. The Company conducted a geophysical survey in the summer of 2014 to follow up on these results. An induced polarization ("IP") survey was conducted to ascertain whether the stockwork zone manifests a chargeable geophysical response, and how this response might continue spatially. The results of this survey outlined a number of chargeable anomalies including a linear coincident with known stockwork mineralization.

The Company tested several of these targets in September 2014 with a 4-hole drilling program with an additional extension of an existing hole drilled in 2013, totaling 1,724 metres. Three of the four holes intersected mineralization. Highlights include:

- Borehole MM14-33 intersected 5.33 metres 1.2% copper, 0.2% zinc, 4.9 g/t silver, 0.4 g/t gold from 66.5 to 71.8 metres, including an interval of 2.3 metres grading 2.5% copper, 0.1% zinc, 8.6 g/t silver and 0.7 g/t gold nested in the above intercept from 69.5 to 71.8 metres.
- Borehole MM14-33 returned 93.7 metres of 1.0% zinc, 0.2% lead, and 2.9 g/t silver in stockwork sulphides, including an interval of 10.2 metres of 3.4% zinc, 0.1% copper, 7.1 g/t silver and 0.3 g/t gold

In addition to MM14-32, diamond drill hole MM13-30 (see News Release dated January 21, 2014) was extended as part of this program in order to test a geophysical anomaly that was identified near the end of this hole. The extended hole encountered significant pyrite mineralization, however, assays did not return any significant results.

The remaining three holes reported were designed to test an extensive IP anomaly that is coincident with the Nancy April Horizon. The Nancy April deposit lies approximately 500 metres west of the Mary March deposit and was discovered in 1999 by Phelps. Phelps' discovery hole intersected 6.8 metres of 1.5% zinc, 0.8% copper and 0.6% lead. Geochemical work and re-logging on historic drill core completed by the Company in summer of 2013 noted strong alteration with minor mineralization downhole of Nancy April intersect and it was hypothesized that a footwall zone to a larger system may be present in the area. Drilling in Fall 2013 confirmed these results. The latest results are tabulated below:

BHID	From	To	Length	Cu%	Pb%	Zn%	Ag ppm	Au ppm
MM14-33	66.46	71.79	5.33	1.21	0.03	0.15	4.85	0.35
including...	69.54	71.79	2.25	2.49	0.03	0.10	8.64	0.72
MM14-33	128.66	129.58	0.92	0.03	2.09	1.80	19.96	0.46
MM14-33	200.88	294.54	93.67	0.05	0.15	1.00	2.92	0.03
including...	237	247.17	10.17	0.12	0.01	3.36	7.13	0.03
MM14-34	383.58	390.89	7.31	0.05	0.17	0.28	8.8	0.08
MM14-35	61.4	68.39	6.99	0.08	0.02	0.05	10.07	0.23

Daniel's Harbour Property

The Daniel's Harbour Property is located in coastal Western Newfoundland and consists of 360 claims in 2 licenses totalling 9,000 hectares. The Daniel's Harbour project surrounds the former high-grade zinc mine operated by Teck Resources from 1975 to 1990 that produced approximately 7 Mt of ore grading ~7.8% Zn from 1975 to 1990.

The Mississippi Valley Type mineralization at Daniel's Harbour has clear structural and stratigraphic controls but no deep drilling has been completed to test obvious trends and favourable stratigraphy. There are sufficient untested parts of property to host significant resources located outside of mine site and four target areas have been identified which require further assessment with potential for follow-up drill testing. Zinc mineralization at Daniel's Harbour generally occurs in long, narrow, NE trending bodies. Of 21 zones mined at Daniel's Harbour, the largest was the "L" zone which extended over a length of 3,000 metres with a 30 metre maximum vertical thickness of ore.

Two types of zinc mineralization were exploited at in the “L” zone. The most common mineralization occurred as cavity fillings in a series of narrow (1/2 metre to 2 metres) pseudobreccia beds separated by barren massive “Grey Dolomite”. The second type of mineralization, which was prevalent in the thickest portion of the “L” zone, consisted of veins which cut the pseudobreccia and consisted almost entirely of sphalerite, with minor quantities of pyrite, marcasite and galena. This mineralogy enabled good recoveries (98%) and production of a premium grade concentrate (63%).

Company management believes Daniel’s Harbour has the potential to host additional high grade zinc lenses within the upper stratigraphy as well as at depth. Until recently, the Property has not been subject to modern exploration methodologies.

Canstar engaged Abitibi Geophysics to undertake an OreVision induced polarization survey and a high resolution gravity survey in the fall of 2018 at Daniel’s Harbour and these concluded in December 2018. Results from these surveys generated two gravity high targets that warrant drill testing as well as several other gravity anomalies that warrant further testing/investigation. As Canstar currently has no immediate exploration plans for the Daniel’s Harbour Properties, the balance of $200,200 was written off during the year ended June 30, 2021.

	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	5,111	399,364	404,475
Access	13,603	65,315	78,918
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

	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 period	-	-	1,695,000	1,695,000
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
Administrative	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

SELECTED ANNUAL FINANCIAL INFORMATION

Fiscal Year	2021	2020	2019
Operating expenses	$ 1,252,170	$ 224,552	$ 397,882
Loss from operations	1,252,170	224,552	397,882
Net loss for the year	1,426,923	150,551	1,396,138
Loss per share – basic and diluted	0.02	0.00	0.03
Total assets	15,025,837	7,965,881	8,050,327
Total liabilities	293,680	109,088	223,326

RESULTS OF OPERATIONS

Three months ended March 31, 2022 compared to three months ended March 31, 2021

Total operating expenses were $320,464 for the three months ended March 31, 2022 compared to $246,281 in the comparative period, an increase of $74,183. The main reason for the change was an increase of $45,864 professional fees due mainly to engaging the services of a professional recruitment firm in 2022, an increase in general and office expenses of $44,323 due to increased corporate activities compared to the comparative fiscal quarter. Management fees increased by $35,169 compared to the comparative period, due to the reasons stated below. These increases were offset by a $35,001 decrease in share-based compensation due to the fact that no stock options were granted during the three months ended March 31, 2022 and a $16,540 decrease in transfer agent and filling fees.

Nine months ended March 31, 2022 compared to nine months ended March 31, 2021

Total operating expenses were $1,044,599 for the nine months ended March 31, 2022, compared to $596,430 in the comparative period in 2021, an increase of $448,169. The increase was mainly due to a $307,360 increase in share-based payments granted and vesting during the nine month period ended March 31, 2022.

Management fees of $127,523 are higher than the $68,645 in the comparable period due to services provided by the new Chief Executive Officer who was hired in the middle of fiscal 2021. General and office expenses of $108,974 were $92,424 higher than the comparative period due to increased corporate activities. Interest and bank charges of $12,500 were $11,278 higher than the comparative period due to a flow-through penalty payment in 2021. Transfer agent and filing fees for the nine months ended March 31, 2022, were $50,996, $18,191 higher than in the nine-month comparable period, due to an increased number of filings. Professional fees decreased by $34,731 to $128,338 since less legal services were required in the nine months ended March 31, 2022 than the comparative period.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly results of the Company for the eight quarters prior to the effective date of this report. The information contained herein is drawn from the audited annual financial statements and unaudited interim financial statements of the Company.

Calendar Year	2022	2021	2021	2021
Quarter	March 31,	December 31,	September 30,	June 30,
Revenue	$nil	$nil	$nil	$nil
Working capital	6,541,492	7,502,853	3,374,459	4,163,387
Interest in exploration properties and deferred exploration and evaluation expenditures	13,930,335	12,994,083	11,616,608	10,566,235
Expenses	320,464	448,560	275,575	655,740
Net loss	(291,670)	(428,102)	(277,765)	(843,093)
Net loss per share (1)	(0.00)	(0.01)	(0.00)	(0.01)

Calendar Year	2021	2020	2020	2020
Quarter	March 31,	December 31,	September 30,	June 30,
Revenue	$nil	$nil	$nil	$nil
Working capital	2,236,624	2,505,260	417,171	44,346
Interest in exploration properties and deferred exploration and evaluation expenditures	10,215,142	10,037,630	7,904,882	7,810,375
Expenses	246,281	281,225	68,924	53,187
Net loss	(247,681)	(328,125)	(8,024)	(87,187)
Net loss per share (1)	(0.00)	(0.00)	(0.00)	(0.00)

Notes:

(1) Net loss per share on a diluted basis is the same as basic net (loss) per share, as all factors, which were considered in the calculation, are anti-dilutive.

RELATED PARTY TRANSACTIONS

The remuneration of directors and key management during the three months and nine months ended March 31, 2022 and 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 payments (recovery)	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 (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.

During the nine-month period ended March 31, 2022, directors of the Company subscribed for 158,800 Flow-Through Units for gross proceeds of $50,022.

During the nine-month period ended March 31, 2022, directors and officers of the Company subscribed for 2,870,050 Part & Parcel Units for gross proceeds of $301,355. Directors and/or officers of an insider of the Company acquired an aggregate of 385,700 Units for gross proceeds of $60,748.

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).

At March 31, 2022, 2176423 Ontario Ltd. and its owner Eric Sprott, controlled 27,863,339 common shares respectively, or approximately 26% of the total common shares outstanding (June 30, 2021 – 10,527,000 common shares, or approximately 12% of the total common shares outstanding).

Two other corporate investors, namely Adventus Mining Corporation and Altius Resources Inc., were no longer reporting insiders at March 31, 2022, because they no longer own more than 10% of the outstanding common shares (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).

LIQUIDITY

As at March 31, 2022, the Company had working capital of $6,541,492 compared to working capital of $4,163,387 at June 30, 2021. The Company has no revenue from operations and is dependent on financings for working capital.

The Company's operating costs are expected to increase in fiscal 2022 due to increased exploration activity and the hiring of more personnel, while exploration costs will depend on the exploration program budget approved by the directors.

WORKING CAPITAL RESOURCES

Additional financings will be required to fund future exploration and for working capital purposes.

Most of the Company's requirements for capital to maintain its ownership level in its properties, as well as pay for exploration expenditures and administrative expenses have been met through the completion of private placements and the exercise of stock options and warrants. Typically, these monies have come from institutional and high net worth investors and the amounts raised have been a function of the level of market interest in the junior resource industry as well as the general level of interest in the equity and mineral commodity markets. The Company will have to rely on further equity financings in order to maintain an adequate liquidity base with which to support its general operations and exploration and development mandate.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer other mining companies the opportunity to acquire interests in any of its properties in return for funding by such companies of all or part of the exploration and development of such properties. For the funding of any property acquisitions or exploration conducted by the Company, the Company depends on the issue of shares from treasury to investors. Such financing will depend, in turn, on various factors, such as a positive mineral exploration climate, positive stock market conditions, the Company's track record and the experience of management. If such financing is unavailable for any reason, the Company may become unable to retain its mineral interests and carry out its business plan.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

None.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of the recoverable value of its mineral properties and related deferred exploration and evaluation expenditures, as well as the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes option pricing model. However, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of its recorded value of its mineral properties and associated deferred exploration and evaluation expenses is based on current market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

FUTURE ACCOUNTING CHANGES

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective in future periods. The Company does not currently expect the adoption of these new IFRS standards to have a material impact on its financial statements.

CHANGE IN ACCOUNTING POLICIES

There were no changes in accounting policies adopted during the nine months ended March 31, 2022.

COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's mining and 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 Commitments

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 is committed to incur flow-through eligible expenditures of $6,498,712 by December 31, 2022, of which $2,085,113 has been incurred to March 31, 2022. The commitment to complete these expenditures by the date 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.

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 disturbance to business operations.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, foreign exchange rate and price risk) and credit risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable and prepaid expenses is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company had a cash and cash equivalents balance of $209,842 (June 30, 2021 - $279,445) and marketable securities of $6,110,399 (June 30, 2021 - $4,000,957) to settle current liabilities of $316,588 (June 30, 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.

Interest rate risk

The Company has cash, cash equivalents and short-term investment balances subject to interest. Management does not believe the Company is exposed to significant interest rate risk.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign exchange risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company is also exposed to price risk with respect to its investment in shares of Angus Gold Inc.

Sensitivity analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

Cash, cash equivalents and short-term investments are invested with a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. Sensitivity to a plus or minus 1% change in rates, based on the balance of cash and cash equivalents at March 31, 2022, would affect net loss by plus or minus $2,100 during a twelve-month period.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

As a result of the 70,000 shares held in Angus Gold Inc., a 10% fluctuation in the price of investment in the fair value of the shares of Angus Gold Inc. would result in a change in fair value of $8,100.

A 1% fluctuation in the fair value of the Company's marketable securities would result in a change in fair value of $61,000.

CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which is comprised of capital stock, share purchase warrants, broker compensation warrants, contributed surplus and deficit.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so. Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
(ii) minimizing discretionary disbursements;
(iii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iv) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not subject to any capital requirements imposed by a regulator or lending institution body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. The Company expects that its current capital resources are sufficient to discharge its liabilities as at March 31, 2022. The Company raised additional capital in fiscal 2022 through a non-brokered flow-through private placement and exercise of warrants for future exploration and working capital purposes.

SHARE CAPITAL

Common shares

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 ("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.

On October 1, 2020, the Company completed the second and final tranche (the “Second Tranche”) of the non-brokered private placement comprised of the sale of 9,523,810 units ("Units") at a price of $0.1575 per Unit for gross proceeds of $1,500,000. Each unit is comprised of one common share and one warrant ("Regular Warrant"). Each Regular Warrant entitles the holder to purchase one common share at a price of $0.21 for a period of two years. The Company paid finder’s fees of $14,175 and issued 90,000 finder warrants to purchase Units at a price of $0.1575 per Unit. Directors and/or officers of Adventus acquired 385,700 Regular Units for gross proceeds of $60,748.

On November 17, 2020, the Company issued 4,000,000 common shares to Altius, 1,600,000 common shares to Colin Kendell, and 400,000 common shares to Corwin Northcott pursuant to the Golden Baie option agreement.

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 flow-through 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. All securities issued are subject to the applicable statutory hold period of four months and one day from the closing.

On May 21, 2021, the Company closed a non-brokered private placement offering for aggregate gross proceeds of $2,500,000 through the issuance of 13,157,895 units of the Company at a price of $0.19 per unit. Each unit consisted of one common share, and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.25 for a period of 24 months from the closing date of the offering.

During the year ended June 30, 2021, 500,000 warrants were exercised at a price of $0.21 per unit for gross proceeds of $105,000, and 40,000 options were exercised at a price of $0.25 per unit for gross proceeds of $10,000.

During the nine month period ended March 31, 2022, the Company issued 2,922,558 common shares on the exercise of warrants for gross proceeds of $613,739.

On December 8, 2021, the Company closed a non-brokered private placement offering for through the issuance of 14,412,471 flow-through units of the Company at a price of $0.315 per flow-through unit and 1,724,138 premium flow-through units at a price of $0.39 per unit for aggregate gross proceeds of $5,212,342. Each unit consisted of one common share issued on a flow-through basis, and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of $0.42 for a period of 24 months from the closing date of the offering. In connection with the flow-through offering, the Company paid commissions in the aggregate of $286,381 and issued 908,019 finder warrants exercisable at $0.315 per common share for a period of 24 months from closing of the offering. A director of the Company subscribed for an aggregate of 158,800 flow-through units.

During the nine-month period ended March 31, 2022, the Company issued 3,051,055 common shares pursuant to the Golden Baie Property agreement.

During the nine-month period ended March 31, 2022, the Company issued 500,000 common shares to Altius as consideration for a 100% interest in the Hermitage Property in southern Newfoundland, subject to a 2% NSR.

Stock options

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.

On February 8, 2021, the Company granted 1,200,000 stock options to officers, employees and consultants of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.28 for a period of 5 years. The options vest as to 1/3 on the date of the grant, and 1/3 on each of the first and second anniversaries of the grant date. The grant is subject to regulatory approval.

On April 26, 2021, the Company granted 800,000 stock options to 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 and then 25% on each of the six, twelve and eighteen month anniversaries of the grant date.

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 as to one-third on the date of grant and one-third on each of the first and second anniversaries of the grant date.

During the three and nine months ended March 31, 2022, $128,934 and $601,945, respectively (three and nine months ended March 31, 2021 - $163,935 and $294,585, respectively) was expensed to share-based payments.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options Granted	Exercisable Options	Exercise Price	Expiry Date
#	#	$	
150,000	100,000	0.10	October 19, 2023
3,600,000	2,400,000	0.28	October 14, 2025
700,000	233,333	0.28	February 8, 2026
800,000	400,000	0.28	April 26, 2026
3,250,000	1,083,333	0.28	December 10, 2026
8,500,000	4,216,666	0.28	

Warrants

Warrants outstanding for the Company at the date of this MD&A were as follows:

Number of Warrants	Exercise Price	Expiry Date
#	$	
3,912,630	0.21	September 15, 2022
6,950,542	0.21	October 1, 2022
90,000 (1)	0.1575	October 1, 2022
76,388	0.35	December 30, 2022
13,157,895	0.25	May 21, 2023
8,068,305	0.42	December 7, 2023
908,019	0.315	December 7, 2023
33,163,779	0.28	

(1) *Exercisable into units comprised of one common share and one warrant exercisable at $0.21 until October 1, 2022.*

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

- *Exploration Stage Company and Exploration Risks*

The Company is a junior resource company focused primarily on the acquisition and exploration of mineral properties located in Canada. The properties of the Company have no established reserves. There is no assurance that any of the projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves that are sufficient to commercially mine some of the Company's properties and to construct complete and install mining and processing facilities on those properties that are actually mined and developed.

- *No History of Profitability*

The Company is a development stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

- *Government Regulations*

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. In order for the Company to carry out its mining activities, its exploitation must be kept current. There is no guarantee that the Company's exploitation will be extended or that new exploitation will be granted. In addition, such exploitation could be changed and there can be no assurances that any application to renew any existing will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

- *Market Fluctuation and Commercial Quantities*

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

- *Mining Risks and Insurance*

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator if its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

- *Environmental Protection*

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

- *Capital Investment*

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be. Should the Company not be able to obtain such financing, its properties may be lost entirely.

- *Conflicts of Interest*

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matters in which they may have a conflict of interest.

- *Current Global Financial Conditions*

Current global financial conditions have been characterized by increased volatility, declining liquidity and the exit of a number of traditional investors from public markets. Access to public financing has been made more challenging by a global contraction of commercial and consumer credit markets. The ensuing decline in consumption has led to a marked erosion of investor confidence and risk tolerance. A major consequence/contributor to these factors may be seen in the unparalleled number of established financial institutions facing involuntary corporate reorganization, insolvency, bankruptcy and/or governmental intervention. While the most sensational of the corporate casualties have occurred in the United States, the global nature of today's economic reality has left no interrelated public market unscathed. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to the Company or at all. Any or all of these economic factors, as well as other factors not specifically identified herein, may cause a decline in asset values that could be deemed to be other than temporary, resulting in impairment losses. If such conditions continue, the Company's operations could be negatively impacted, and the trading price of its common shares may be adversely affected.

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited annual financial statements and (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the years presented.

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

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

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

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

DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT MAY 27, 2022)

The Company's authorized capital consists of an unlimited number of common shares without par value, of which 109,003,667 are issued and outstanding as of the date of this MD&A. On a fully diluted basis the Company has 150,757,446 common shares outstanding assuming the exercise of 8,500,000 outstanding stock options, and 33,253,779 warrants, of which 90,000 finder warrants are exercisable into units comprised of one common share and one warrant.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in the Management's Discussion and Analysis. A copy of this report will be provided to anyone who requests it.

OTHER MATTERS

Additional information relating to the Company can be found on SEDAR at www.sedar.com and the Company's website at www.canstarresources.com.