
CANSTAR RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED MARCH 31, 2026 AND 2025

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The 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 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 these financial statements. Where necessary, management has exercised informed judgments and estimates regarding incomplete transactions as of the statement of financial position date. In management's opinion, these unaudited condensed interim consolidated financial statements have been prepared within acceptable materiality limits. They comply with International Accounting Standard 34 - Interim Financial Reporting and use accounting policies consistent with International Financial Reporting Standards appropriate to the circumstances.

Management has established processes to ensure it has enough knowledge to support its assertions that it has exercised reasonable diligence in that (i) the unaudited condensed interim consolidated financial statements do not contain any false statements of material fact or omit to state a material fact that is required to be disclosed, 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 company's unaudited condensed interim financial statements and other financial information, ensuring that management meets its financial reporting obligations. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee collaborates with management to assess the financial reporting process, the unaudited condensed interim consolidated financial statements, and the company's additional financial information. The Audit Committee then presents its findings to the Board of Directors for consideration in approving the unaudited condensed interim consolidated financial statements and other company financial details for distribution to the shareholders.

Management acknowledges its responsibility to conduct the Company's affairs in accordance with established financial standards, applicable laws and regulations, and to maintain appropriate conduct standards for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not reviewed the condensed interim financial statements, a notice must accompany the statements indicating that an auditor has not reviewed them.

The unaudited condensed interim 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 yet reviewed these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants.

Canstar Resources Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		March 31, 2026	June 30, 2025
			(Audited)
As at,	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents		541,127	193,685
Prepaid expenses and deposits	6, 12	295,680	70,839
Amounts receivable	7	88,016	79,431
Marketable securities	4	50,000	224,607
Investments	5	1,662,580	-
Current assets		2,637,403	568,562
Equipment	9	10,171	12,098
Total assets		2,647,574	580,660
Liabilities and shareholders' equity (deficit)			
Current liabilities			
Accounts payable and accrued liabilities	12	610,055	405,577
Loan payable	10	1,398,584	-
Current liabilities		2,008,639	405,577
Loan payable	10	-	426,226
Total liabilities		2,008,639	831,803
Shareholders' Equity			
Capital stock	11	32,834,290	32,039,464
Warrants	11	1,448,152	133,254
Share-based payment reserve	11	216,515	592,984
Deficit		(33,860,022)	(33,016,845)
Total shareholders' equity (deficit)		638,935	(251,143)
Total liabilities and shareholders' equity (Deficit)		2,647,574	580,660

Nature and continuance of operations (Notes 1 and 2)

Investments (Note 5)

Commitments and contingencies (Notes 8 and 15)

Subsequent events (Note 17)

Approved on behalf of the Board of Directors on May 26, 2026:

"J. Clare"

DIRECTOR

"J. Allison"

DIRECTOR

Canstar Resources Inc.
Condensed Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

		Three month period ended,		Nine month period ended	
		March 31,	March 31,	March 31,	March 31,
		2026	2025	2026	2025
	Notes	\$	\$	\$	\$
Operating Expenses					
Exploration and evaluation expenditures	7	808,470	118,510	1,812,814	378,899
Share-based payment	11(c)	69,817	23,116	119,369	96,111
Accretion	10	25,355	-	51,797	-
Interest and bank charges		770	716	2,292	1,894
Transfer agent and filing fees		22,046	9,129	43,299	21,298
Management fees	12	101,664	93,111	280,354	270,212
Professional fees		62,301	34,660	234,241	110,352
General and office expenses		191,027	14,174	272,063	60,456
Shareholder information		12,850	2,685	38,813	6,844
Depreciation	9	604	754	1,926	2,224
Rent		1,800	2,550	5,400	6,300
Payroll expenses	12	12,659	8,903	49,512	13,644
Travel		52,679	26,928	112,083	72,794
Foreign exchange		4,325	(7,440)	6,921	(17,031)
Total operating expenses		1,366,367	327,796	3,030,884	1,023,997
Loss before other items below:		(1,366,367)	(327,796)	(3,030,884)	(1,023,997)
Other Items					
Government grants		150,000	-	150,000	-
Interest and dividend income	4	1,083	1,084	3,068	10,116
Fair value adjustment on investments	5	79,170	(5,250)	79,170	6,270
Flow-through premium	15	-	-	4,000	-
Realized gain on sale of investments	4	-	1,016	-	1,016
Gain on loan payable	10	79,439	-	79,439	-
Option revenues		1,791,577	-	1,791,577	-
Write-off of amounts receivable	6	-	(28,355)	-	(28,355)
Total other items		2,101,269	(31,505)	2,107,254	(10,953)
Net comprehensive income (loss) for the period		734,902	(359,301)	(923,630)	(1,034,950)
Basic and diluted loss per share for the period		0.00	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding		185,620,756	148,841,392	174,474,822	145,365,305

See accompanying notes to the condensed interim financial statements

Canstar Resources Inc.
Condensed Interim Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares #	Capital Stock \$	Warrants \$	Share-based Payment Reserve \$	Deficit \$	Total \$
Balance, June 30, 2024	140,641,392	31,014,239	343,072	1,427,845	(32,313,394)	471,762
Common shares issued for exercise of warrants	8,200,000	515,500	(105,500)	-	-	410,000
Cancellation of stock options	-	-	-	(945,315)	945,315	-
Share-based payment expense	-	-	-	96,111	-	96,111
Net loss for the period	-	-	-	-	(1,034,950)	(1,034,950)
Balance, March 31, 2025	148,841,392	31,529,739	237,572	578,641	(32,403,029)	(57,077)
Balance, June 30, 2025	156,949,523	32,039,464	133,254	592,984	(33,016,845)	(251,143)
Private placement	17,738,008	203,626	949,345	-	-	1,152,971
Share issuance costs	-	(56,980)	-	-	-	(56,980)
Share issuance costs - finder warrants	-	(46,081)	46,081	-	-	-
Flow-through private placement	200,000	9,649	3,351	-	-	13,000
Common shares issued for exercise of warrants	10,357,369	651,122	(133,254)	-	-	517,868
Mineral property issuance	529,000	33,490	-	-	-	33,490
Incentive warrants issued	-	-	449,375	(449,375)	-	-
Share-based payment expense	-	-	-	153,359	-	153,359
Expiry of options	-	-	-	(80,453)	80,453	-
Net loss for the period	-	-	-	-	(923,630)	(923,630)
Balance, March 31, 2026	185,773,900	32,834,290	1,448,152	216,515	(33,860,022)	638,935

See accompanying notes to the condensed interim financial statements

Canstar Resources Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2026	March 31, 2025
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net (loss) income for the period	(923,630)	(1,034,950)
Items not affecting operating cash:		
Share-based payment expense	119,369	96,111
Share-based payment included in exploration and evaluation expenditures	33,990	-
Depreciation	1,926	2,224
Write-off of amounts receivable	-	28,355
Realized gain on marketable securities	-	(1,016)
Gain on discount of loan payable	(79,439)	-
Accretion Expense	51,797	-
Shares received for dispositional of mineral property	(1,583,410)	-
Common shares issued for exploration property interest	33,490	-
Fair value adjustment on investments	(79,170)	(6,270)
Flow-through premium	(4,000)	-
Foreign exchange	6,921	454
	(2,422,156)	(915,092)
Net changes in non-cash working capital:		
Amounts receivable and prepaid expenses	(233,426)	(196,259)
Flow-through liability	4,000	-
Accounts payable and accrued liabilities	(15,102)	169,573
Cash used in operating activities	(2,666,684)	(941,778)
INVESTING ACTIVITIES		
Purchase of equipment	-	(2,066)
Sale of investments	-	32,166
Purchase and sale of marketable securities, net	179,100	320,483
Cash (used in) provided by investment activities	179,100	350,583
FINANCING ACTIVITIES		
Proceeds from private placement financing	1,165,971	-
Share issue costs	(56,980)	-
Warrants exercised	517,868	410,000
Proceeds from warrants received in advance	-	200,407
Cash for disposition of mineral property	208,167	-
Proceeds from loan payable	1,000,000	-
Cash received from financing activities	2,835,026	610,407
Increase in cash	347,442	19,212
Cash, beginning of the period	193,685	38,944
Cash, end of the period	541,127	58,156
Cash and Cash Equivalents		
Cash	541,127	58,156
Cash equivalents	-	-
	541,127	58,156
SUPPLEMENTAL INFORMATION		
Interest income received	3,068	9,373

Canstar Resources Inc.
Notes to the Condensed Interim Financial Statements
For the period ended March 31 2026 and 2025
(Expressed in Canadian Dollars)

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 Board of Directors approved these financial statements on May 26, 2026.

The Company is exploring its mineral properties and has yet to determine whether they contain economically recoverable ore reserves. The recoverability of the expenditures incurred on the mineral properties depends 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 the financing necessary to complete the development of the properties, future profitable production, or the ability of the Company to dispose of its interests on an advantageous basis.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next 12 months. At March 31, 2026, the Company had an accumulated deficit since inception and expects to incur further losses in the advancement of its exploration and evaluation properties. The Company will need to generate additional financial resources to advance and develop its exploration and evaluation properties, and there is a risk that such financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will complete its anticipated financing, obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate funding, it may ultimately be required to curtail its operations and cease operations as a going concern. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption were not appropriate, adjustments would be necessary to the carrying values of the assets and liabilities, reported revenues and expenses, and statement of financial position classifications in these financial statements. Such adjustments could be material.

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

2. BASIS OF PREPARATION

Statement of Compliance:

These condensed interim financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee. These financial statements have been prepared in compliance with IFRS and in accordance with the accounting policies described in Note 3, Summary of Material Accounting Policies. The policies set out below have been consistently applied to all the periods presented, unless otherwise noted.

Canstar Resources Inc.
Notes to the Condensed Interim Financial Statements
For the period ended March 31 2026 and 2025
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Basis of Measurement:

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

Basis of Preparation:

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as set forth by the International Accounting Standards Board ("IASB") and the 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. As such, they do not include all the information required for complete annual financial statements mandated by IFRS, as issued by the IASB, and the interpretations provided by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs as of May 26, 2026, the date the Board of Directors approved the statements. The same accounting policies and computation methods are followed in these unaudited condensed interim financial statements as compared to the most recent annual financial statements for the year ended June 30, 2025. Any subsequent changes to IFRS that are implemented in the Company's annual consolidated financial statements for the year ending June 30, 2026, may result in the restatement of these unaudited condensed interim financial statements.

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

Going concern

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

Canstar Resources Inc.
Notes to the Condensed Interim Financial Statements
For the period ended March 31 2026 and 2025
(Expressed in Canadian Dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Going concern (Continued)

As at March 31, 2026, the Company had a deficit of \$33,860,022 (June 30, 2025 – \$33,016,845) and working capital of \$628,764 (June 30, 2025 – working capital of \$162,985). 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, 2026 is not sufficient to support planned operations for at least the next 12 months.

Private Placements Proceeds

Proceeds received on the issuance of units, consisting of common shares and warrants, are first allocated to the fair value of the warrants with any residual value then allocated to common shares. The fair value of the common shares is determined using the Black-Scholes option pricing model. The valuation of the warrants using the Black-Scholes option pricing model is sensitive to key inputs, particularly expected volatility and expected term. Variations in these assumptions could materially impact the estimated fair value. The remaining balance after allocation to the warrants, if any, is then allocated to the common shares.

4. MARKETABLE SECURITIES

The Company's marketable securities include GICs and exchange-traded funds.

For the period ended March 31, 2026, the Company earned interest and dividend income of \$3,068 (March 31, 2025 – \$9,032) from investment activities.

Marketable securities are classified as fair value through profit or loss. They are recorded at fair value, with any changes recognized in the statements of operations and comprehensive loss.

Marketable securities are composed of:

	As at March 31, 2026	As at June 30, 2025
	\$	\$
GICs	50,000	50,000
Exchange Traded Funds	-	174,607
Total	50,000	224,607

Canstar Resources Inc.
Notes to the Condensed Interim Financial Statements
For the period ended March 31 2026 and 2025
(Expressed in Canadian Dollars)

5. INVESTMENTS

	Number of Common Shares	Cost	Market Value Adjustment	Fair value as at March 31, 2026
	#	\$	\$	\$
Churchill Resources Inc.	15,834,097	1,583,410	79,170	1,662,580

As at March 31, 2026 the Company held 15,834,097 shares. (June 30, 2025 – Nil shares) as investments.

During the year ended June 30, 2025, the Company sold all 70,000 Angus shares for proceeds of \$32,166 and realized a gain of \$1,016.

For the period ended March 31, 2026, the Company received 15,834,097 common shares as a result of the option agreement with Churchill Resources Inc. (“CRI” or “Churchill”) (Note 8) with a fair value of \$1,583,410. As at March 31, 2026, the Company recorded an unrealized gain of \$79,170 and the value of the shares was \$1,662,580.

6. PREPAID EXPENSES AND DEPOSITS

The Company’s prepaid expenses and deposits are as follows:

	As at March 31, 2026	As at June 30, 2025
	\$	\$
Deposit for office rent	600	600
Management fees	-	29,356
Insurance	16,986	6,480
Legal fees	5,000	-
Payroll	-	12,661
Advertising	137,954	-
Exploration and evaluation expenses	112,291	21,742
General and administrative	22,849	-
	295,680	70,839

Included in prepaid expenses as of March 31, 2026 is \$Nil (June 30, 2025 – \$29,356) for officers relating to management fees that have not been incurred as of the period end (Note 12).

Canstar Resources Inc.
Notes to the Condensed Interim Financial Statements
For the period ended March 31 2026 and 2025
(Expressed in Canadian Dollars)

7. AMOUNTS AND ADVANCES RECEIVABLE

The Company's amounts receivable is as follows:

	As at March 31, 2026	As at June 30, 2025
	\$	\$
Sales tax receivable	88,016	79,431
Total amounts receivable	88,016	79,431

During the period ended March 31, 2026, the Company wrote off \$Nil (2025-\$327) of interest receivable and \$Nil (2025-\$28,028) of advances receivable, as the amounts were deemed uncollectible.

8. EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

	Skellefte Project	Golden Baie Property	Mary March Property	Buchans Property	Total
		\$	\$	\$	\$
Exploration and evaluation activity for the period ended					
Acquisition	-	-	84,741	-	84,741
Assaying	-	-	104,857	-	104,857
Claims, maintenance fees	-	179,251	2,595	-	181,846
Equipment, rentals, camp and general	119,310	17,756	313,495	(5,976)	444,585
Geological consulting	8,050	-	97,132	21,742	126,924
Geophysical	-	-	344,883	54,472	399,355
Labour and supervision	162	10,181	399,031	8,889	418,263
Travel	-	-	45,283	6,960	52,243
March 31, 2026	127,522	207,188	1,392,017	86,087	1,812,814

	Golden Baie Property	Mary March Property	Buchans Property	Total
	\$	\$	\$	\$
Exploration and evaluation activity for the period ended				
Assaying	-	870	-	870
Claims, maintenance fees	37,275	455	-	37,730
Equipment, rentals, camp and general	26,376	8,309	20,191	54,876
Field supplies	3,494	-	-	3,494
Geological consulting	65,431	390	52,782	118,603
Labour and supervision	43,164	55,970	58,269	157,403
Travel	-	390	917	1,307
Geophysical	-	-	4,616	4,616
March 31, 2025	175,740	66,384	136,775	378,899

**8. EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION
EXPENDITURES (CONTINUED)**

a) Golden Baie Property

The Golden Baie Property comprises mineral exploration licenses in south-central Newfoundland, on which the Company is targeting gold and antimony mineralization. As of November 2023, the following series of options and purchase agreements have been fulfilled to expand the property.

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 earned a 100% undivided interest in the Golden Baie claims over four years. The Optionors are entitled to an aggregate milestone payment of \$1,000,000 by the Company upon a discovery on the Golden Baie Project claims that meets National Instrument 43-101 defined measured and indicated mineral resources of at least one million contained gold ounces and a 2.0% net smelter return ("NSR") from all commercial production on the Golden Baie Project. Altius maintains the right to purchase 1% of the NSR from the Optionors for \$1,500,000. Altius also has the right of first refusal to buy the remaining 1% NSR.

On November 24, 2020, the Company closed 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. The Optionors retain a 1.5% NSR. Altius can purchase 0.5% of the NSR from the Optionors for \$1,000,000. Altius has the right of first refusal on any sale by the Optionors of the remaining NSR.

On January 24, 2022, the Company completed a property purchase agreement with Altius to acquire a 100% interest in the Hermitage Property contiguous with the Golden Baie Project, subject to a 2% NSR.

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

On August 15, 2022, the Company completed a property purchase agreement with four individuals ("the vendors"). In it, the vendors transferred 100% of their beneficial interest in the Bernards Pond and Roti Bay claims, subject to the vendors retaining a 2.0% NSR from all commercial production on these claims.

The Company put up security bonds to keep certain Golden Baie claims in good standing during the years ended June 30, 2023, 2024, and 2025, totalling \$187,300. In 2026, the Company paid an additional \$16,869. None has been repaid.

On March 20, 2026 (the "Effective Date"), the Company entered into an option agreement with Churchill Resources Inc. ("Churchill" or "CRI") to grant Churchill up to 100% undivided interest in the claims to the Golden Baie Property over a period of 24 months (the "Churchill Option Agreement").

**8. EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION
EXPENDITURES (CONTINUED)**

a) Golden Baie Property (Continued)

Under the terms of the Churchill Option Agreement, Churchill may earn its interest in the Golden Baie Project by satisfying certain cash, share issuance and exploration expenditure commitments over a 24-month option period.

Within three business days of receipt of TSX Venture Exchange approval and satisfaction of other required approvals, Churchill is required to:

- make cash payment to the Company of \$208,167 (paid); and
- issue 15,834,097 common shares (issued) of Churchill to the Company.

During the period ended March 31, 2026, the Company recorded option revenues of \$1,791,577 pursuant to the receipt of \$208,167 cash and 15,834,097 CRI shares with a fair value of \$1,583,410 (Note 5).

In addition, Churchill is required to issue additional common shares to the Company over the 24-month option period such that the Company maintains the following ownership percentages in Churchill immediately following each issuance:

Timing from approvals	Ownership percentage
6 months	6.25%
12 months	7.50%
18 months	8.74%
24 months	9.99%

Each tranche is subject to a maximum issuance of 7,520,000 common shares. The number of shares issuable under each tranche is variable and is determined based on Churchill's issued and outstanding share capital at the applicable issuance date.

To exercise the option and earn a 100% interest in the Project, Churchill must incur minimum exploration expenditures of:

- \$1,000,000 on or before the first anniversary of the Agreement; and
- \$5,000,000 in cumulative exploration expenditures on or before the second anniversary of the Agreement.

Failure to incur the required exploration expenditures constitutes an event of default under the Agreement, and 100% of the project will be returned to Canstar Resources.

Upon Churchill earning a 100% interest in the Golden Baie Project, the Company will retain a 0.5% net smelter return royalty on future mineral production from the property. The royalty does not contain a buyback provision.

8. EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

b) Buchans-Mary March Properties

During the year ended June 30, 2025, the Company executed an arm's length Letter of Intent ("LOI") establishing terms for an exploration Joint Venture ("JV") for its Buchans and Mary March properties.

On February 18, 2026, the Company and VMS Mining Corporation ("VMSC") executed a definitive joint venture agreement in respect of the Mary March and Buchans projects. Pursuant to the agreement, VMSC has advanced \$1,500,000 to date to the Company to fund exploration activities under the joint venture and to reimburse certain expenditures incurred by the Company between execution of the letter of intent and the definitive agreement. For more details, see "Corporate Updates" in the corresponding Management's Discussion and Analysis for the period ending March 31, 2026.

The joint venture agreement contemplates additional potential investments by VMSC in three subsequent phases, all at VMSC's election and subject to the terms and conditions of the agreement:

Phase 1 option: an option to subscribe for an additional 5% of the issued and outstanding shares of SPVCo (defined below) for \$500,000;

Phase 2 investment: subscription bringing aggregate VMSC subscription proceeds to \$4,000,000 in exchange for a 40% interest (or 45% if the Phase 1 option has been exercised); and

Phase 3 investment: subscription bringing aggregate VMSC subscription proceeds to \$6,000,000 in exchange for a 60% interest (or 65% if the Phase 1 option has been exercised).

Management expects the joint venture funding to support the Company's planned 2026 exploration and drilling activities at the Mary March project.

c) Buchans-Mary March Properties

(i) Mary March Glencore Joint Venture

The property consists of four Fee Simple Grants comprising five separate land parcels and two map-staked licenses. The Company has had an option and Joint Venture ("JV") Agreement with Glencore plc ("Glencore") whereby the Company had a 50% interest in the Mary March property located at Buchans Junction in central Newfoundland. Glencore held the remaining 50%. Should Glencore wish to sell, the Company has a right of first refusal. Should the Joint Venture 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 1% NSR. The Company is the operator of the Joint Venture and has the deciding vote in the event of a deadlock between the Company and Glencore.

Canstar Resources Inc.
Notes to the Condensed Interim Financial Statements
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(Expressed in Canadian Dollars)

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 joint venture's 2012 exploration costs; however, it did not contribute to subsequent years' exploration expenditures. Based on cumulative exploration expenditures incurred by Canstar through March 31, 2026 and dilution calculations performed under the joint venture agreement, management has estimated Glencore's current interest in the Mary March joint venture to be 26%. The Company is engaged in active discussions with Glencore regarding the next steps for the joint venture, including the potential conversion of Glencore's interest into a 2% net smelter return royalty pursuant to section 7.5 of the joint venture agreement if its interest dilutes to less than 25%.

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8. EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

c) Buchans-Mary March Properties (Continued)

(ii) Mary March Extension Property

The Company entered into a definitive agreement and formed a joint venture on the property with VMSC, which is detailed in the “Loans Payable” section (Note 10) and further detailed in the accompanying Management Discussion and Analysis for the third quarter of fiscal year 2026. The expenditures under this program will further diminish Glencore’s interest. Under the terms of the agreement with Glencore, if their interest decreases to less than 25%, they renounce their ownership of the property and retain a 2% NSR.

The Mary March Extension Property was acquired on April 7, 2009. The property is located immediately west and north of the Mary March Glencore JV. Canstar holds a 100% interest in the property.

On September 25, 2025 (the “Effective Date”), the Company entered into three option agreements (the “Mary March Option Agreements”) with third parties to obtain four (4) additional licenses within the Mary March footprint.

Pursuant to the terms of the Mary March Option Agreements, the Company made payments to acquire a 100% undivided interest in the licenses as follows:

	\$	# Shares
a) Within five (5) business days of regulatory approval (paid and issued)	7,000	35,000
b) On or before the 12 month anniversary of the Effective Date (paid and issued)	14,000	70,000
c) On or before the 24 month anniversary of the Effective Date (paid and issued)	21,000	105,000
d) On or before the 36 month anniversary of the Effective Date (paid and issued)	29,000	140,000
	71,000	350,000

The Company elected to accelerate the completion of the terms of the Mary March Option Agreements and satisfied all the payment terms. During the period ended March 31, 2026, the Company issued 350,000 common shares with a fair value of \$22,750 pursuant to the Mary March Option Agreements (Note 11).

As at March 31, 2026, the Company has a 100% undivided interest in the four (4) licenses, subject to a 2% NSR royalty. The Company may reduce the NSR from 2% to 1% by paying \$1,000,000 to the optionors.

(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.

8. EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

c) Buchans-Mary March Properties (Continued)

(iv) Mary March Extension Property- Eagleridge

On January 16, 2026, the Company entered into an option agreement (the “Eagleridge Option Agreement”) with Eagleridge International Limited to acquire a 100% undivided interest in mineral licence 006894M (17 claims) located adjacent to the Company’s Mary March Project in central Newfoundland (the “Eagleridge Claims”). The Eagleridge Claims directly adjoin Mary March at Beothuk Lake and extend Canstar’s tenure across the projected eastern continuation of the Mary March–Nancy April volcanogenic massive sulphide (“VMS”) system.

To maintain and exercise the option, the Company must additionally satisfy the following obligations:

	\$	# Shares	Work Commitment \$
a) Within five (3) business days of regulatory approval (paid and issued)	10,000	100,000	
b) On or before the 12 month anniversary of the Effective Date (paid and issued)	25,000	125,000	\$100,000
c) On or before the 24 month anniversary of the Effective Date (paid and issued)	30,000	150,000	\$150,000
d) On or before the 36 month anniversary of the Effective Date (paid and issued)	45,000	200,000	\$200,000
	110,000	575,000	\$450,000

Upon completion of all obligations under the Eagleridge Option Agreement, the Company will acquire a 100% interest in the Eagleridge Claims, subject to a 1.0% net smelter return royalty retained by the Optionor.

As at March 31, 2026, the Company had issued 100,000 common shares with a fair value of \$6,000 and paid \$10,000 to satisfy the initial option requirements pursuant to the Eagleridge Option Agreement.

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9. EQUIPMENT

Cost		Office and field equipment	
Balance	June 30, 2024	\$	31,802
Additions			2,066
Balance	June 30, 2025		33,868
Additions			-
Balance	March 31, 2026	\$	33,868

Accumulated Amortization		Office and field equipment	
Balance	June 30, 2024	\$	18,793
Additions			2,977
Balance	June 30, 2025		21,770
Additions			1,926
Balance	March 31, 2026	\$	23,696

Net Book Value		Office and field equipment	
Balance	June 30, 2025	\$	12,098
Balance	March 31, 2026	\$	10,172

10. LOAN PAYABLE

	Amount
	\$
Balance, June 30, 2024	-
Additions	500,000
Less: Gain on discount of loan payable	(82,195)
Accretion	8,421
Balance, June 30, 2025	426,226
Additions	1,000,000
Less: Gain on discount of loan payable	(79,439)
Accretion	51,797
Balance, March 31, 2026	1,398,584

On April 15, 2025, the Company entered into a Letter of Intent (“LOI”) with a third party, VMS Mining Corporation (“VMSC”) to establish terms for an exploration Joint Venture under which VMSC would spend up to \$11.5M (the “JV”) (the “Proposed Transaction”), aiming to fast-track new, high-grade discoveries at the Company’s polymetallic volcanogenic massive sulphide (“VMS”) assets in Newfoundland, which are located in the Company’s Buchans and Mary March projects (the “Projects”). The Company entered into a definitive agreement on February 18, 2026 (Note 8).

10. LOAN PAYABLE (CONTINUED)

On April 30, 2025, pursuant to the LOI, the Company received a loan of \$500,000 (see Phase 1 below). The loan payable bears Nil% interest while it is outstanding and matures on October 31, 2026. On initial recognition, the Loan was initially measured at fair value in accordance with IFRS 9 *Financial Instruments*, and subsequently recorded at amortized cost. The fair value of the Loan at inception was determined using a discount rate of 12%, resulting in a discount of \$82,195.

Accordingly, the Company recognized a gain on discount of loan payable of \$82,195 in the statement of operations and comprehensive loss. During the year ended June 30, 2025, the Company recorded accretion expense of \$8,421 on the loan payable, using the effective interest method.

On February 18, 2026, pursuant to the LOI and definitive agreement with VMSC, the Company received an additional loan of \$1,000,000 (see Phase 1 below). The loan payable bears Nil% interest while it is outstanding and matures on October 31, 2026. On initial recognition, the Loan was initially measured at fair value in accordance with IFRS 9 *Financial Instruments*, and subsequently recorded at amortized cost. The fair value of the Loan at inception was determined using a discount rate of 12%, resulting in a discount of \$79,439.

During the period ended March 31, 2026, the Company recorded an aggregate accretion expense of \$51,797 on the loans payable.

As at March 31, 2026, the carrying amount of the loans payable was \$1,398,584 (June 30, 2025 – \$426,226), which reflects the amortized cost of the financial liability.

The Proposed Transactions are structured in four phases as follows:

Phase 1: Initial Investment and Funding Note

The Company issued short-term promissory note to VMSC for proceeds of C\$1.5M with proceeds applied only to accepted exploration expenditures on the Projects (the “Funding Note”).

The Funding Note consists of two tranches:

- \$500,000 advanced to the Company by VMSC upon execution of the Funding Note within 5 days of the effective date of the LOI (Completed on April 30, 2025)
- \$1,000,000 (the “Second Tranche Funds”) advanced within six months of the execution of the LOI. (Completed on February 18, 2026);
- The Funding Note matures on October 31, 2026 and does not accrue interest while it is outstanding. If the loan is not repaid within 10 days of the maturity date, interest will accrue at 2% per annum.

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10. LOAN PAYABLE (CONTINUED)

Pursuant to the settlement conditions below, until the date the Second Tranche Funds are due, and the receipt by VMSC of shares equal to 10% of the issued and outstanding shares of a newly incorporated Ontario Corporation under the JV ("SPVCo"), the Company and VMSC may agree that VMSC will have an option to acquire a further 5% of the issued and outstanding shares of SPVCo for an aggregate subscription price of \$500,000 during Phase 1.

The Settlement Conditions are as follows:

- i) Full amount of \$1.5M advanced to Canstar under the Funding Note (Completed);
- ii) The elimination or restructuring of Glencore's remaining interest in a portion of the Mary March project to the satisfaction of VMSC;
- iii) Execution of a Definitive Agreement (Completed); and
- iv) The transfer of the mineral claims comprising the Projects into SPVCo

Phase 2: Additional Investment for 40% Ownership

After Settlement Conditions are satisfied, VMSC may subscribe for additional shares of SPVCo such that it owns or controls in aggregate 40% (or 45% if option was previously exercised) of the issued and outstanding shares of SPVCo for aggregate subscription proceeds of \$4M (the "Phase 2 Investment"), with such subscription proceeds being applied to Phase 2 exploration expenditures such as scout-drilling and borehole geophysics.

Phase 3: Additional Investment for 60% Ownership

Following Phase 2, VMSC may subscribe for additional shares of SPVCo such that it owns or controls in aggregate 60% (or 65% if the option was previously exercised) of the issued and outstanding shares of SPVCo for aggregate subscription proceeds of \$6M with such subscription proceeds being applied to Phase 3 exploration expenditures such as advanced drilling.

Phase 4: Pro-Rata Contributions and Dilution Protection

Each party shall have the right, but not the obligation, to contribute additional capital on a pro-rata basis to any approved budget subject to dilution adjustments for any non-contributing party.

11. CAPITAL STOCK, OPTIONS AND WARRANTS

(a) Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

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11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Issued

Summary of changes in capital stock:

		Shares	Amount
		#	\$
Balance, June 30, 2024		140,641,392	31,014,239
Issuance of shares for warrant exercises	(i) (ii) (iii) (iv)	16,308,131	1,025,225
Balance, June 30, 2025		156,949,523	32,039,464
Issuance of shares for warrant exercises	(v) (vi) (vii) (viii) (ix) (x)	10,357,369	651,122
Private placement	(xi)	17,938,008	213,275
Share issue costs	(xi)	-	(103,061)
Issuance of shares for property interest	(xii) (xiii)	529,000	33,490
Balance, March 31, 2026		185,773,900	32,834,290

- (i) On October 10, 2024, 4,100,000 shares valued at \$257,750 were issued pursuant to the exercise of 4,100,000 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$52,750 from warrants reserves.
- (ii) On October 18, 2024, 4,100,000 shares valued at \$257,750 were issued pursuant to the exercise of 4,100,000 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$52,750 from warrants reserves.
- (iii) On April 17, 2025, 4,008,131 shares valued at \$251,975 were issued pursuant to the exercise of 4,008,131 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$51,568 from warrants reserves.
- (iv) On June 11, 2025, 4,100,000 shares valued at \$257,750 were issued pursuant to the exercise of 4,100,000 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$52,750 from warrants reserves.
- (v) On August 28, 2025, 1,000,000 shares valued at \$62,866 were issued pursuant to the exercise of 1,000,000 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$12,866 from warrants reserves.
- (vi) On September 8, 2025, 2,141,869 shares valued at \$134,650 were issued pursuant to the exercise of 2,141,869 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$27,557 from warrants reserves.
- (vii) On September 12, 2025, 500,000 shares valued at \$31,433 were issued pursuant to the exercise of 500,000 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$6,433 from warrants reserves.
- (viii) On September 16, 2025, 350,000 shares valued at \$22,003 were issued pursuant to the exercise of 350,000 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$4,503 from warrants reserves.

11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Issued (Continued)

- (ix) On September 22, 2025, 1,550,000 shares valued at \$97,442 were issued pursuant to the exercise of 1,550,000 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$19,942 from warrants reserves.
- (x) On September 25, 2025, 4,815,500 shares valued at \$302,728 were issued pursuant to the exercise of 4,815,500 warrants granted on January 23, 2024, at an exercise price of \$0.05. On exercise of the warrants, the Company transferred \$61,953 from warrants reserves.
- (xi) On October 29, 2025, the Company closed a non-brokered private placement for total gross proceeds of \$1,169,971 (the "Offering"). The Company issued 17,738,008 non-flow-through units ("NFT Units") at a price of \$0.065 per NFT Unit for gross proceeds of \$1,152,971 and 200,000 flow-through units ("FT Units") at a price of \$0.085 per FT Unit, for gross proceeds of \$17,000. A flow-through premium liability of \$4,000 was recognized in connection with this financing (Note 15).

Each NFT Unit is comprised of one common share of the Company and one (1) transferable common share purchase warrant (each a "Warrant"). Each FT Units consists of one common share and one-half ($\frac{1}{2}$) of one warrant (with two half-warrants being equivalent to one whole Warrant). Each whole Warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share, NFT Unit Warrants are exercisable for a period of 36 months from the date of issuance and FT Unit Warrants are exercisable for 12 months from the date of issuance.

A fair value of \$949,345 was estimated for the NFT Warrants using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2.44%; share price of \$0.07; expected life of 3 years; and an expected volatility of 167% based on the Company's historical trading data. The remaining amount of \$203,626 was assigned to the NFT shares issued. The gross proceeds of \$1,152,971 were allocated first to the NFT Warrants in the amount of \$949,345, with the residual amount of \$203,626 allocated to the NFT shares issued. This allocation is consistent with the Company's accounting policy using the residual method of valuation.

11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Issued (Continued)

A fair value of \$3,351 was estimated for the FT Warrants using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2.43%; share price of \$0.07; expected life of 1 year; and an expected volatility of 168% based on the Company's historical trading data. The remaining amount of \$9,649 was assigned to the NFT shares issued, net of the flow-through liability recognized. The gross proceeds of \$17,000 were allocated first to the FT Warrants in the amount of \$3,351, with the residual amount of \$9,649 allocated to the FT shares issued, net of the \$4,000 flow-through liability recognized. This allocation is consistent with the Company's accounting policy using the residual method of valuation.

In connection with the Offering, the Company paid cash finder's fees totalling \$56,980 and issued 861,000 non-transferable finder's warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder to purchase one common share at a price of \$0.10 per share for a period of 36 months from the date of issuance. A fair value of \$46,081 was estimated for the Finder's Warrants using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2.44%; share price of \$0.07; expected life of 3 years; and an expected volatility of 167% based on the Company's historical trading data.

(xii) On December 8, 2025, the Company issued 350,000 common shares with a fair value of \$22,750 pursuant to the Mary March Option Agreements (Note 8).

(xiii) On March 18, 2026, the Company issued 100,000 common shares with a fair value of \$6,000 pursuant to the Eagleridge Option Agreement (Note 8).

On March 18, 2026, the Company issued 79,000 common shares with a fair value of \$4,740 to access land in connection with the Eagleridge Property (Note 8).

(c) Stock Options

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2024	8,175,000	\$ 0.21
Additions (i) (ii) (iii) (iv) (v)	5,754,000	0.05
Cancelled	(4,675,000)	0.25
Balance, June 30, 2025	9,254,000	\$ 0.10
Additions (vi) (vii) (viii) (ix) (x)	4,633,000	0.07
Expired (xi)	(400,000)	0.28
Balance, March 31, 2026	13,487,000	\$ 0.08

11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options (Continued)

- (i) On July 15, 2024, the Company granted 3,344,000 stock options to directors, officers, consultants and employees. Each stock option allows the holder to acquire one common share of the Company at an exercise price of \$0.05, expiring five years from the issue date. One-third of the options vest annually over three years beginning on October 1, 2024. A grant date fair value of \$102,617 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 3.36%; expected life of 5 years; and expected volatility of 142% based on the Company's historical trading data. On November 15, 2024, the stock options were repriced to \$0.05 per TSX Venture Exchange's minimum pricing requirement; all other terms of the stock options remain the same. The fair value above reflects the updated exercise price. During the period ended March 31, 2026, the Company recorded share-based payments expense of \$18,780 (March 31, 2025 – \$65,168) for these stock options.
- (ii) On August 14, 2024, the Company granted 400,000 options to purchase common shares to two senior employees. Each stock option allows the holder to acquire one common share of the Company at an exercise price of \$0.04, expiring five years from the issue date. One-third of the options vest annually over three years beginning on October 1, 2024. A grant date fair value of \$14,175 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 2.91%; expected life of 5 years; and expected volatility of 143% based on the Company's historical trading data. On November 15, 2024, the stock options were repriced to \$0.05 per TSX Venture Exchange's minimum pricing requirement; all other terms of the stock options remain the same. The fair value above reflects the updated exercise price. During the period ended March 31, 2026, the Company recorded share-based payments expense of \$Nil (March 31, 2025 – \$8,735) for these stock options.
- (iii) On February 13, 2025, 700,000 stock options were granted to two senior employees and one consultant of the Company with an exercise price of \$0.05 and expire on February 13, 2030. The stock options have a vesting schedule as follows: 1/3 on May 13, 2025, 1/3 on May 13, 2026 and 1/3 on May 13, 2027. A grant date fair value of \$25,711 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 2.80%; expected life of 5 years; and expected volatility of 157% based on the Company's historical trading data. During the period ended March 31, 2026, the Company recorded share-based payments expense of \$8,039 (March 31, 2025 – \$5,688) for these stock options.
- (iv) On April 15, 2025, 200,000 stock options were granted to a director of the Company with an exercise price of \$0.05 and expire on April 15, 2030. The stock options have a vesting schedule as follows: 1/3 on April 15, 2026, 1/3 on April 15, 2027 and 1/3 on April 15, 2028. A grant date fair value of \$11,152 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 2.72%; expected life of 5 years; and expected volatility of 155% based on the Company's historical trading data. During the period ended March 31, 2026, the Company recorded share-based payments expense of \$5,573 (March 31, 2025 – \$Nil) for these stock options.

11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options (Continued)

- (v) On June 16, 2025, 1,110,000 stock options were granted to officers and consultants of the Company with an exercise price of \$0.05 and expire on June 16, 2030. The stock options have a vesting schedule as follows: 66,667 vested on the grant date, 33,333 vest on August 9, 2025, 336,667 vest on September 16, 2025, 336,667 vest on September 16, 2026 and 336,667 vest on September 16, 2027. A grant date fair value of \$66,754 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 2.99%; expected life of 5 years; and expected volatility of 151% based on the Company's historical trading data. During the period ended March 31, 2026, the Company recorded share-based payments expense of \$37,540 (March 31, 2025 – \$Nil) for these stock options.
- (vi) On December 8, 2025, 500,000 stock options were granted to officers and consultants of the Company with an exercise price of \$0.05 and expire on December 8, 2030. The stock options have a vesting schedule as follows: 166,667 vested on March 8, 2026, 166,667 vest on March 8, 2027, and 166,666 vest on March 8, 2028. A grant date fair value of \$29,664 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 3.01%; expected life of 5 years; and expected volatility of 144% based on the Company's historical trading data. During the period ended March 31, 2026, the Company recorded share-based payments expense of \$13,705 (March 31, 2025 – \$Nil) for these stock options.
- (vii) On December 29, 2025, 2,033,000 stock options were granted to directors and officers of the Company with an exercise price of \$0.065 and expire on December 29, 2030. The stock options have a vesting schedule as follows: 677,667 vested on March 29, 2026, 677,667 vest on March 29, 2027, and 677,666 vest on March 29, 2028. A grant date fair value of \$118,770 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 2.29%; expected life of 5 years; and expected volatility of 144% based on the Company's historical trading data. During the period ended March 31, 2026, the Company recorded share-based payments expense of \$52,031 (March 31, 2025 – \$Nil) for these stock options.

11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options (Continued)

- (viii) On February 17, 2026, 500,000 stock options were granted to a consultant of the Company with an exercise price of \$0.07 and expire on February 17, 2031. The stock options have a vesting schedule as follows: 1/3rd vest on May 14, 2026, 2027 and 2028. A grant date fair value of \$38,628 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 2.76%; expected life of 5 years; and expected volatility of 144% based on the Company's historical trading data. During the period ended March 31, 2026, the Company recorded share-based payments expense of \$7,927 (March 31, 2025 – \$Nil) for these stock options.
- (ix) On March 9, 2026, 1,600,000 stock options were granted to a consultant and an officer of the Company with an exercise price of \$0.07 and expire on March 9, 2031. The stock options have a vesting schedule as follows: 1/3rd vest on June 9, 2026, 2027 and 2028. A grant date fair value of \$93,288 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 2.91%; expected life of 5 years; and expected volatility of 144% based on the Company's historical trading data. During the period ended March 31, 2026, the Company recorded share-based payments expense of \$9,764 (March 31, 2025 – \$Nil) for these stock options.
- (x) The total value of share-based payments for the period ended March 31, 2026, was \$153,359 (March 31, 2025 – \$96,111), of which \$33,990 (March 31, 2025 – \$Nil) was included in exploration and evaluation expenditures. The total value of the share-based payments includes \$Nil for the period ended March 31, 2026 (March 31, 2025 – \$16,520) relating to stock options granted in prior years. Share-based payments are allocated between operating expenses and exploration and evaluation expenditures based on the role of the grantee, with amounts attributable to personnel engaged in exploration activities capitalized to exploration and evaluation expenditures and the balance recognized in profit or loss.
- (xi) During the period ended March 31, 2026, 400,000 stock options with an exercise price of \$0.28 expired without being exercised. On expiry of the options, \$80,453 was transferred from reserves to deficit.

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11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Stock Options (Continued)

As at March 31, 2026, the following stock options were outstanding:

Number of Options	Number of Options - Exercisable	Weighted Avg Life	Expiry date	Exercise Price
400,000	400,000	0.00	April 26, 2026 ¹	\$ 0.28
950,000	950,000	0.05	December 10, 2026	\$ 0.28
1,750,000	1,750,000	0.25	March 24, 2028	\$ 0.06
3,344,000	2,229,333	0.79	July 14, 2029	\$ 0.05
400,000	266,667	0.10	August 14, 2029	\$ 0.05
700,000	233,333	0.20	February 13, 2030	\$ 0.05
200,000	-	0.06	April 15, 2030	\$ 0.05
1,110,000	436,667	0.34	June 16, 2030	\$ 0.05
500,000	166,667	0.17	December 8, 2030	\$ 0.05
2,033,000	677,667	0.70	December 29, 2030	\$ 0.065
500,000	-	0.18	February 17, 2031	\$ 0.07
1,600,000	-	0.59	March 9, 2031	\$ 0.07
13,487,000	7,110,334	3.49		\$ 0.08

1: Subsequent to the period ended March 31, 2026, 400,000 stock options expired without being exercised (Note 17).

(d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2024	26,665,500	\$ 0.05
Expired	(16,308,131)	0.05
Balance, June 30, 2025	10,357,369	\$ 0.05
Issued (i) (ii)	29,056,377	0.09
Exercised	(10,357,369)	0.05
Balance, March 31, 2026	29,056,377	\$ 0.09

As at March 31, 2026, the following warrants were outstanding.

Number of warrants	Number of warrants exercisable	Weighted average Life (Years)	Expiry date	Exercise Price	Black-Scholes Valuation
10,357,369	10,357,369	0.17	September 25, 2026	\$ 0.07	\$ 449,375
100,000	100,000	0.00	October 29, 2026	\$ 0.10	\$ 3,351
18,599,008	18,599,008	1.65	October 29, 2028	\$ 0.10	\$ 995,426
29,056,377	29,056,377			\$ 0.09	\$ 1,448,152

11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(d) Share Purchase Warrants (Continued)

- (i) On August 25, 2025, the Company announced a warrant exercise incentive program (the "Incentive Program") relating to the Company's outstanding common 10,357,369 share purchase warrants (the "Eligible Warrants"). The Eligible Warrants were issued in connection with a private placement that closed on January 23, 2024, and were exercisable to acquire one common share of the Company at a price of \$0.05 per share until January 23, 2026. The Incentive Program encouraged the early exercise of the Eligible Warrants from August 26, 2025 to September 25, 2025 (the "Incentive Period").

Under the terms of the Incentive Program, each holder who exercises an Eligible Warrant during the Incentive Period will receive, for each Eligible Warrant exercised, one additional common share purchase warrant (an "Incentive Warrant"). Each Incentive Warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.07 per share for a period of 12 months from the date of issuance.

During the period ended March 31, 2026, a total of 10,357,369 Eligible Warrants were exercised for gross proceeds of \$517,868. In connection with these exercises, the Company issued 10,357,369 Incentive Warrants with a fair value of \$449,375. A grant date fair value of \$449,375 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 2.50%; expected life of 1 year; and expected volatility of 174% based on the Company's historical trading data. The fair value of the Incentive Warrants was recorded as an equity reclassification with no impact on profit or loss.

- (ii) On October 29, 2025, the Company issued 17,738,008 Warrants pursuant to the issuance of 17,738,008 NFT Units and 100,000 Warrants pursuant to the issuance of 200,000 FT Units.

A fair value of \$949,345 was estimated for the NFT Warrants using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2.44%; share price of \$0.07; expected life of 3 years; and an expected volatility of 167% based on the Company's historical trading data.

A fair value of \$3,351 was estimated for the FT Warrants using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2.43%; share price of \$0.07; expected life of 1 year; and an expected volatility of 168% based on the Company's historical trading data.

NFT Unit Warrants are exercisable for a period of 36 months from the date of issuance and FT Unit Warrants are exercisable for 12 months from the date of issuance.

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11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(d) Share Purchase Warrants (Continued)

In connection with the Offering, the Company issued 861,000 Finder's Warrants. Each Finder's Warrant entitles the holder to purchase one common share at a price of \$0.10 per share for a period of 36 months from the date of issuance. A fair value of \$46,081 was estimated for the Finder's Warrants using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2.44%; share price of \$0.07; expected life of 3 years; and an expected volatility of 167% based on the Company's historical trading data.

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises controlled by these individuals and certain persons performing similar functions. The transactions below are in the ordinary course of business and are measured at the exchange amount, as agreed to by the parties.

The remuneration of directors and key management during the period ended March 31, 2026 and March 31, 2025 were as follows:

	March 31, 2026	March 31, 2025
	\$	\$
Short-term benefits	\$ 297,162	\$ 272,911
Exploration expenditures	134,250	90,678
Share-based payments	120,320	74,120
Total	\$ 551,732	\$ 437,709

During the period ended March 31, 2026, \$297,162 (period ended March 31, 2025 – \$272,911) was paid to key management and included in management fees and payroll expenses.

During the period ended March 31, 2026, \$134,250 (period ended March 31, 2025 – \$90,678) was paid to key management and included in exploration expenditures.

Included in accounts payable and accrued liabilities as of March 31, 2026, is \$Nil owing to officers (June 30, 2025 – \$3,964). (Officers submitted invoices before the end of the period for payment at the beginning of the following period).

Included in prepaid expenses as of March 31, 2026 is \$Nil (June 30, 2025 – \$29,356) for officers relating to management fees that have not been incurred as of the period end (Note 6).

Per IAS 24, key management personnel are those persons with authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including the Company's directors (executive or non-executive). Amounts payable to related parties are unsecured, non-interest-bearing, and due on demand.

One investor, 2176423 Ontario Ltd., controls 27,863,339 common shares, or approximately 15% of the total common shares outstanding as of March 31, 2026 (June 30, 2025 – 27,863,339 common shares, or approximately 18% of the total common shares outstanding).

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13. FINANCIAL INSTRUMENTS

Fair Value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the end of the reporting period based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair Value Hierarchy

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2026:

	Level 1	Level 2	Level 3	Total
		\$		
Investments	\$ -	1,662,580	\$ -	\$ 1,662,580
Cash and cash equivalents	541,127	-	-	541,127
Marketable securities	50,000	-	-	50,000
	\$ 591,127	\$ 1,662,580	\$ -	\$ 2,253,707

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Investments	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	193,685	-	-	193,685
Marketable securities	224,607	-	-	224,607
	\$ 418,292	\$ -	\$ -	\$ 418,292

There were no transfers between Level 2 and Level 3 during the nine-month period ended March 31, 2026, or during the year ended June 30, 2025.

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents is remote.

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13. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (Continued)

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, 2026, the Company had a cash and cash equivalents balance of \$541,127 (June 30, 2025 – \$193,685) and marketable securities of \$50,000 (June 30, 2025 – \$224,607), and investments of \$1,662,580 (June 30, 2025 – \$Nil) to settle current liabilities of \$2,008,639 (June 30, 2025 – \$405,577). 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 to provide sufficient cash flow to finance operations as well as fund its exploration expenditures. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

The following table details the Company's anticipated repayment schedule for its financial liabilities as at March 31, 2026:

	Accounts payable and accrued liabilities	Loan payable	Total
		(Note 10)	
Fiscal 2026	\$ 610,055	\$ -	\$ 610,055
Fiscal 2027	-	1,500,000	1,500,000
	\$ 610,055	\$ 1,500,000	\$ 2,110,055

The following table details the Company's anticipated repayment schedule for its financial liabilities as at June 30, 2025:

	Accounts payable and accrued liabilities	Loan payable	Total
		(Note 10)	
Fiscal 2026	\$ 405,577	\$ -	\$ 405,577
Fiscal 2027	-	500,000	500,000
	\$ 405,577	\$ 500,000	\$ 905,577

Interest Rate Risk

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

Foreign Currency Risk

The Company's functional currency is the Canadian dollar, and major purchases are made in Canadian dollars. The Company holds US dollars to settle US-denominated liabilities and is therefore exposed to foreign currency risk, although the exchange rate between the two currencies has been relatively stable. Management does not believe the Company is exposed to significant foreign exchange risk.

13. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (Continued)

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

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

- (i) Cash and cash equivalents and marketable securities are invested with a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. Sensitivity to a plus or minus 1% change in rates, based on the balance of cash and cash equivalents on March 31, 2026, does not significantly affect the net loss during a twelve-month period.
- (ii) The Company does not hold significant balances in foreign currencies to give rise to substantial exposure to foreign exchange risk.
- (iii) As a result of the GICs and exchange-traded funds held in marketable securities and investments, a 1% fluctuation in the fair value of the marketable securities would result in a change in fair value of approximately \$171,258 (March 31, 2025 – \$2,000).

Geopolitical Risk

Geopolitical dynamics between the United States and Canada—including changing tariff conditions—may create uncertainty in commodities markets and trade relations between the two countries. For the nine months ended March 31, 2026, the Company did not experience any material adverse impact on its operations, financial position, or liquidity as a result of these developments. However, management continues to monitor the evolving policy environment closely, as sustained shifts in trade relations or commodity pricing could influence future operating costs, access to financing, equipment and materials, and overall market sentiment.

14. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity (deficit). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the Company's management's expertise to sustain the business's future development.

15. 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 did not change from the prior year. The Company conducts its operations to protect public health and the environment and believes its operations materially comply with all applicable laws and regulations. The Company has made and expects to make expenditures in the future to comply with such laws and regulations.

Flow-Through Commitment

Under the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations to subscribers concerning the Income Tax Act (Canada) by incurring qualified exploration expenditures before December 31 of the year following the year 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 due to the Company not meeting its expenditure commitments. Specific interpretations are required to assess the eligibility of flow-through expenditures that, if changed, could result in the denial of renunciation.

The Company incurred flow-through eligible expenditures of \$543,750 (Flow-through – \$325,000 and CMETC – \$218,750) in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2025, meeting its commitments arising from flow-through offerings from January 23, 2024 with a balance of \$Nil to be spent.

During the period ended March 31, 2026, the Company recognized a flow-through premium liability of \$4,000 as a result of the October 29, 2025 non-brokered private placement (Note 11). The Company is committed to incurring flow-through eligible expenditures of \$17,000 (Flow-through – \$17,000) in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2026, arising from flow-through offerings from October 29, 2025, of which \$17,000 has been incurred to March 31, 2026, with a balance of \$Nil to be spent. During the period ended March 31, 2026, the Company recognized a flow-through premium of \$4,000.

	Flow through premium liability	Flow-through spending commitments
	\$	\$
Balance, June 30, 2025	-	-
October 29, 2025 flow through issuance	4,000	17,000
Reduction for expenses incurred	(4,000)	(17,000)
Balance, March 31, 2026	-	-

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16. LOSS PER SHARE

Loss per share have been calculated using the weighted average number of common shares and common share equivalents issued and outstanding during the year. Stock options are reflected in diluted earnings per share by application of the treasury method.

As at March 31, 2026, all potentially dilutive securities are anti-dilutive. The following table details the weighted average number of outstanding common shares for the purpose of computing basic and diluted earnings per common share for the following periods:

	For the period ended	
	March 31, 2026	March 31, 2025
Net loss attributable to common shareholders	\$923,630	\$1,034,950
Basic and diluted weighted average shares	174,474,822	145,365,305
Basic and diluted loss per share	\$0.01	\$0.01

17. SUBSEQUENT EVENTS

On March 3, 2026, the Company entered into a LOI with 1478078 B.C. Ltd. (d/b/a Lithological Opportunities) regarding a proposed option transaction for the acquisition by the Company of an undivided 100% interest in certain mining claims located in the Northern Skelleftea district of Sweden (the "Transaction"), on the principal terms set out in the LOI.

The Company shall make payments as follows:

- Issuance of 15,000,000 common shares to Lithological Opportunities no later than five (5) business days following receipt of TSX-V Approval;
- Cash payment of \$50,000; and
- Cash payment of \$100,000 twelve (12) months following the execution of a Definitive Agreement.

Upon Canstar acquiring an undivided one hundred percent (100%) interest in the Claims pursuant to the Definitive Agreement, such interest shall be subject to the retention by Lithological Opportunities of a two and one-half percent (2.5%) net smelter returns royalty on all minerals produced from the Claims (the "Royalty"), as more particularly set out in a net smelter returns royalty agreement to be entered into between Canstar and Lithological Opportunities (the "Royalty Agreement").

Canstar shall have the right, exercisable at any time prior to the commencement of commercial production from any portion of the Claims, to purchase from Lithological Opportunities up to a one percent (1.0%) interest in the Royalty for aggregate consideration of three million dollars (C\$3,000,000). Such buy-down right may be exercised in one or two tranches, with the first tranche consisting of a one-half percent (0.5%) interest in the Royalty for consideration of one million dollars (C\$1,000,000) and the second tranche consisting of one-half percent (0.5%) interest in the Royalty for consideration of two million dollars (C\$2,000,000).

17. SUBSEQUENT EVENTS (CONTINUED)

On April 26, 2026, 400,000 stock options with an exercise price of \$0.28 expired without being exercised (Note 11).