CANSTAR RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

To the Shareholders of Canstar Resources Inc.:

Opinion

We have audited the consolidated financial statements of Canstar Resources Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023, June 30, 2022, and July 1, 2021, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years ended June 30, 2023 and June 30, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2023 and June 30, 2022, and July 1, 2021, and its consolidated financial performance and its consolidated cash flows for the years ended June 30, 2023 and June 30, 2022 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended June 30, 2023 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 4 to the consolidated financial statements, which explains that certain comparative infromation presented:

- As at and for the year ended June 30, 2022 has been restated due to a change in accounting policy.
- As at July 1, 2021 has been derived from the consolidated statement of financial position as at June 30, 2021 (not presented herein).

Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

October 23, 2023 — Licensed Public Accountants

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

As at	June 30, 2023	June 30, 2022 (*Restated, Note 4*)	July 1, 2021 (*Restated, Note 4*)
ASSETS			
Current			
Cash and cash equivalents	**$ 450,096**	$ 201,251	$ 279,445
Amounts receivable and prepaid expenses	**29,174**	523,228	78,142
Advances receivable	**28,028**	77,858	32,023
Marketable securities (Note 5)	**375,746**	4,714,600	4,000,957
Investments (Note 6)	**57,400**	70,700	66,500
Total current assets	**940,444**	5,587,637	4,457,067
Golden Baie security deposit (Note 7)	**96,524**	265,450	-
Equipment (Note 8)	**15,591**	18,222	2,535
Total assets	**$ 1,052,559**	$ 5,871,309	$ 4,459,602
LIABILITIES			
Current			
Accounts payable and accrued liabilities (Note 12)	**$ 281,444**	$ 119,747	$ 293,680
Flow-through premium (Notes 9(b) and 15)	**-**	85,285	-
Total liabilities	**281,444**	205,032	293,680
SHAREHOLDERS' EQUITY			
Capital stock (Note 9(b))	**30,278,135**	30,151,913	24,839,707
Warrants (Note 9(d))	**1,265,807**	2,858,506	1,767,822
Share-based payment reserve (Note 9(c))	**1,331,581**	1,583,419	1,031,699
Shares to be issued (Note 7(a))	**200,000**	-	-
Deficit	**(32,304,408)**	(28,927,561)	(23,473,306)
Total shareholders' equity	**771,115**	5,666,277	4,165,922
Total liabilities and shareholders' equity	**$ 1,052,559**	$ 5,871,309	$ 4,459,602

Nature and Continuance of Operations (Note 1)
Commitments and Contingencies (Notes 7 and 15)
Subsequent Events (Note 16)

APPROVED ON BEHALF OF THE BOARD:

"R. Bruggeman", Director

"S. Leung", Director

See accompanying notes to the consolidated financial statements.

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

	Year Ended June 30, 2023	Year Ended June 30, 2022 (*Restated, Note 4*)
Operating expenses		
Exploration and evaluation expenditures (Note 7)	**$ 4,810,698**	$ 4,543,561
Share-based payment (Notes 9(c) and 12)	**260,664**	570,127
Interest and bank charges	**34,198**	12,657
Transfer agent and filing fees	**27,133**	61,700
Management fees (Note 12)	**253,058**	208,404
Professional fees	**144,208**	191,930
General and office expenses	**156,787**	178,406
Shareholder information	**6,306**	10,253
Depreciation (Note 8)	**3,920**	813
Rent (Note 12)	**7,200**	7,500
Travel	**746**	3,386
Total operating expenses	**5,704,918**	5,788,737
Loss before items below:	**(5,704,918)**	(5,788,737)
Interest income (Note 5)	**47,233**	16,576
Realised gain on marketable securities (Note 5)	**-**	10,996
Fair value adjustment on investments (Note 6)	**(13,300)**	4,402
Flow-through premium (Note 9(b))	**85,285**	92,025
Net loss and comprehensive loss for the year	**$ (5,585,700)**	$ (5,664,738)
Net loss per share - basic and diluted (Note 14)	**$ (0.05)**	$ (0.06)
Weighted average number of shares - basic and diluted	**110,006,091**	100,158,052

See accompanying notes to the consolidated financial statements.

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

	Year Ended June 30, 2023	Year Ended June 30, 2022 (*Restated, Note 4*)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the year	**$ (5,585,700)**	$ (5,664,738)
Charges not involving cash:		
Share-based payment expense	**260,664**	570,127
Share-based payment included in exploration and evaluation expenditures	**103,652**	192,078
Common shares issued for exploration property interest	**326,222**	992,500
Depreciation	**3,920**	813
Flow-through premium	**(85,285)**	(44,025)
Fair value adjustment on investments	**13,300**	(4,402)
Realised gain on sale of marketable securities	**-**	(10,996)
	(4,963,227)	(3,968,643)
Changes in non-cash working capital items:		
Amounts receivable, prepaid expenses and Golden Baie security deposit	**662,980**	(710,536)
Advances receivable	**49,830**	(45,835)
Accounts payable and accrued liabilities	**161,697**	(162,422)
Cash flows from (used in) operating activities	**(4,088,720)**	(4,887,436)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from flow-through financing	**-**	5,212,342
Share issue costs	**-**	(286,381)
Proceeds from exercise of warrants	**-**	613,739
Cash flows from financing activities	**-**	5,539,700
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	**5,114,100**	12,018,123
Interest and dividend income	**-**	(16,576)
Purchase of marketable securities	**(775,246)**	(12,715,505)
Purchase of equipment	**(1,289)**	(16,500)
Cash flows from (used in) investing activities	**4,337,565**	(730,458)
Change in cash and cash equivalents	**248,845**	(78,194)
Cash and cash equivalents, beginning of year	**201,251**	279,445
Cash and cash equivalents, end of year	**$ 450,096**	$ 201,251
SUPPLEMENTAL INFORMATION		
Interest income received	**$ 41,851**	$ -
Finder's warrants issued	**$ -**	$ 146,896
CASH AND CASH EQUIVALENTS		
Cash	**$ 398,590**	$ 140,311
Cash equivalents	**51,506**	60,940
	$ 450,096	$ 201,251

See accompanying notes to the consolidated financial statements.

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

	Capital Stock	Shares to be Issued	Warrants	Share-based Payment Reserve	Deficit	Total
Balance, July 1, 2021 (Restated, see Note 4)	**$ 24,839,707**	**$ -**	**$ 1,767,822**	**$ 1,031,699**	**$ (23,473,306)**	**$ 4,165,922**
Share-based payment expense	-	-	-	762,203	-	762,203
Share issue costs	(286,381)	-	-	-	-	(286,381)
Share issue costs - finder warrants	(146,896)	-	146,896	-	-	-
Issuance of warrants	(1,118,911)	-	1,118,911	-	-	-
Flow-through private placement	5,212,342	-	-	-	-	5,212,342
Flow-through private placement liability	(129,310)	-	-	-	-	(129,310)
Expiry of stock options	-	-	-	(210,483)	210,483	-
Common shares issued for exploration property interest	992,500	-	-	-	-	992,500
Exercise of warrants	788,862	-	(175,123)	-	-	613,739
Net loss for the year	-	-	-	-	(5,664,738)	(5,664,738)
Balance, June 30, 2022, (Restated, see Note 4)	**$ 30,151,913**	**$ -**	**$ 2,858,506**	**$ 1,583,419**	**$ (28,927,561)**	**$ 5,666,277**
Share-based payment expense	-	-	-	364,316	-	364,316
Expiry of stock options	-	-	-	(616,154)	616,154	-
Common shares issued and to be issued for property interest	126,222	200,000	-	-	-	326,222
Expiry of warrants	-	-	(1,592,699)	-	1,592,699	-
Net loss for the year	-	-	-	-	(5,585,700)	(5,585,700)
Balance, June 30, 2023	**$ 30,278,135**	**$ 200,000**	**$ 1,265,807**	**$ 1,331,581**	**$ (32,304,408)**	**$ 771,115**

See accompanying notes to the consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Canstar Resources Inc. (the "Company" or “Canstar”) was formed by amalgamation on April 5, 2005. The Company’s registered and head office is located at 220 Bay Street, Suite 550, Toronto, Ontario, M5J 2W4.

The consolidated financial statements were approved by the Board of Directors on October 23, 2023.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the expenditures incurred on the mineral properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain financing necessary to complete development of the properties, and the future profitable production therefrom or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis.

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next 12 months. At June 30, 2023, the Company had an accumulated deficit since inception and expects to incur further losses in the advancement of its exploration and evaluation properties. The Company will need to generate additional financial resources in order to advance and develop its exploration and evaluation properties and there is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will complete its anticipated financing, obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate financing, the Company may ultimately be required to curtail its operations and discontinue as a going concern. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate, adjustments would be necessary to the carrying values of the assets and liabilities, reported revenues and expenses, and statement of financial position classifications in these consolidated financial statements. Such adjustments could be material.

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

2. BASIS OF PREPARATION

Statement of compliance:

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements have been prepared in compliance with IFRS and in accordance with the accounting policies described in Note 3, Summary of Significant Accounting Policies. The policies set out below have been consistently applied to all the periods presented, unless otherwise noted.

Basis of measurement:

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

Basis of preparation:

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

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Adventus Newfoundland Corporation, which was acquired by the Company on July 30, 2018 and dissolved on November 2, 2022.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparing the consolidated financial statements for the years ended June 30, 2023 and 2022.

Functional and presentation currency:

The Company's and its subsidiary's presentation and functional currency is the Canadian dollar. The Company does not have any foreign operations. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at period end exchange rates are recognized in the consolidated statements of operations and comprehensive loss.

Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and investments with original maturities of ninety days or less, and deposits held in trust.

Investments:

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

Income taxes:

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued):

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

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Financial instruments:

Recognition

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

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

Classification and Measurement

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued):

Classification and Measurement (continued)

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

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

The Company's financial assets consists of cash and cash equivalents, marketable securities and investments, which are classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in net loss, amounts receivable and advance receivable, which is classified as subsequently measured at amortized cost.
The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

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

Fair Value Hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in the stock option note.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of operations and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Flow-through shares:

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

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

Exploration and evaluation expenditures:

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral rights, property option payments and exploration and evaluation activities.

Once a project has been established as commerically viable, technically feasible and the decision to proceed has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commerical production.

Equipment:

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. The cost of equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated decommissioning and restoration costs associated with the asset. Equipment is depreciated on a diminishing balance basis at 20% per year.

Provisions:

General

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statements of operations and comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, dismantling operating facilities, and restoration, reclamation and re-vegetation of affected areas.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (continued):

Rehabilitation provision (continued)

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the exploration or production location. When the liability is initially recognized, the present value of the estimated cost is charged to operations. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations as a finance cost. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to operations and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statements of operations and comprehensive loss.

The Company does not currently have any such significant legal or constructive obligations and therefore no decommissioning liabilities have been recorded as at June 30, 2023 and 2022.

Critical judgments and estimation uncertainties:

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Income taxes

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

Expenditure deductions for income tax purposes related to exploratory activities funded by flow-through equity instruments are renounced to investors in accordance with income tax legislation. The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares at the date of issuance of the flow-through shares is initially recognized as a liability on the consolidated statement of financial position. The liability is reversed when tax benefits are renounced and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of the deferred tax liability and the liability recognized on issuance.

Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes determined based on the net present value of estimated future cashflows, laws and regulations and negotiations with regulatory authorities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical judgments and estimation uncertainties (continued):

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Going concern

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

As at June 30, 2023, the Company had a deficit of $32,304,408 (June 30, 2022 - $28,927,561) and working capital of $659,000 (June 30, 2022 - $5,382,605). The Company's ability to continue operations and fund its future exploration property expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management believes that working capital at June 30, 2023 are not sufficient to support planned operations for at least the next 12 months. The Company may ultmately curtail its operations and continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Standards Adopted

The Company adopted the following new IFRS standards, interpretations, amendments and improvements of existing standards. The new standards and changes did not have any material impact on the Company's consolidated financial statements and are described as follows:

IAS 16 - Property, Plant and Equipment was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in the consolidated statements of operations and comprehensive loss, together with the costs of producing those items. The amendments are effective for annual periods beginning January 1, 2022.

IFRS 3 – Business Combinations (“IFRS 3”) was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

Future Policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impact of these standards on the consolidated financial statements.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

(EXPRESSED IN CANADIAN DOLLARS)

4. CHANGE IN ACCOUNTING POLICY

In order to enhance the relevance to the decision-making needs of users and improve comparability with its peers, the Company has voluntarily changed its accounting policy with respect to exploration properties and deferred exploration expenditures, consistent with the guidance provided in IFRS 6 - Exploration for and Evaluation of Mineral Resources and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The new accounting policy has been applied retrospectively. In prior periods the Company's policy was to defer exploration expenditures until such time as the properties are put into commerical production, sold or become impaired. The Company elected to change this accounting policy to expense exploration expenditures as they are incurred, on a retrospective basis.

The full accounting policy is as follows:

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral rights, property option payments and exploration and evaluation activities.

Once a project has been established as commerically viable, technically feasible and the decision to proceed has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commerical production.

The change in accounting policy requires full retrospective application. IAS 1 - Presentation of Financial Statements also requires a third statement of financial position be presented.

The impact of this change on the consolidated financial statements for the year ended July 1, 2021 and June 30, 2022 are as follows:

	As previously reported	Effect of change in accounting policy	Restated
Consolidated Statement of Financial Position			
As of July 1, 2021			
Interest in exploration properties and deferred exploration expenditures	$ 10,566,235	$ (10,566,235)	$ -
Total assets	15,025,837	(10,566,235)	4,459,602
Deficit	(12,907,071)	(10,566,235)	(23,473,306)
Total shareholders' equity	14,732,157	(10,566,235)	4,165,922
Total liabilities and shareholder's equity	15,025,837	(10,566,235)	4,459,602
As of June 30, 2022			
Interest in exploration properties and deferred exploration expenditures	7,375,911	(7,375,911)	-
Total assets	13,247,220	(7,375,911)	5,871,309
Deficit	(21,551,650)	(7,375,911)	(28,927,561)
Total shareholders' equity	13,042,188	(7,375,911)	5,666,277
Total liabilities and shareholders' equity	13,247,220	(7,375,911)	5,871,309

(EXPRESSED IN CANADIAN DOLLARS)

4. CHANGE IN ACCOUNTING POLICY (continued)

Consolidated Statement of Operations and Comprehensive Loss

For the year ended June 30, 2022

Exploration and evaluation expenditures	$ -	$ 4,543,561	$ 4,543,561
Total operating expenses	1,245,176	4,543,561	5,788,737
Loss before item below:	(1,245,176)	(4,543,561)	(5,788,737)
Impairment of mineral properties	(7,733,885)	7,733,885	-
Net loss and comprehensive loss for the year	(8,855,062)	3,190,324	(5,664,738)
Net loss per share	(0.09)	0.03	(0.06)
Weighted average number of shares	100,158,052	-	100,158,052

Consolidated Statement of Cash Flows

For the year ended June 30, 2022

Cash flows from (used in) operating activities			
Net loss for the year	$ (8,855,062)	$ 3,190,324	$ (5,664,738)
Common shares issued for exploration property interest	-	992,500	992,500
Impairment of interest in mineral properties	7,733,885	(7,733,885)	-
Account payables and accrued liabilities	(173,933)	11,511	(162,422)
Net cash flow from (used in) operating activities	(1,539,964)	(3,347,472)	(4,887,436)
Cashflow from (used in) investing activities			
Interest in exploration properties and deferred exploration expenditures	$ (3,347,472)	$ 3,347,472	$ -
Cash flows from (used in) investing activities	(4,077,930)	3,347,472	(730,458)
Change in cash and cash equivalents	(78,194)	-	(78,194)
Supplemental information			
Share-based compensation capitalized to exploration and evaluation properties	$ 192,078	$ (192,078)	$ -
Common shares issued for property interests	992,500	(992,500)	-

5. MARKETABLE SECURITIES

The Company's marketable securities include GICs.

During the year ended June 30, 2023, the Company recognized a realised gain on marketable securities of $nil (year ended June 30, 2022 - $10,996). During the year ended June 30, 2023, the Company also earned interest of $47,233 (year ended June 30, 2022 - $16,576) from investment activity.

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

Marketable securities are composed of:

	As at June 30, 2023	**As at June 30, 2022**
GICs	**$ 375,746**	$ 4,714,600

(EXPRESSED IN CANADIAN DOLLARS)

6. INVESTMENTS

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

As at June 30, 2023	Number of Common Shares	Cost	Market Value Adjustment	Fair Value
Angus	70,000	$ 14,000	$ 43,400	$ 57,400

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

The investment in shares of Angus is classified as Level 1 within the Fair Value Hierarchy.

7. EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

	Buchans-Mary March Properties	**Golden Baie Property**	**Total**
Option payments	$ -	$ 992,500	$ 992,500
Access	13,603	5,626	19,229
Assaying	561	271,151	271,712
Drilling	-	971,886	971,886
Equipment, rentals, camp and general	9,911	638,160	648,071
Field supplies	-	121,348	121,348
Geological consulting	-	126,064	126,064
Labour and supervision	47,638	874,497	922,135
Travel	-	470,616	470,616
Total exploration and evaluation activity for the year ended June 30, 2022	$ 71,713	$4,471,848	$4,543,561

	Golden Baie Property	**Total**
Option payments	$ 434,732	$ 434,732
Recovered from government	(112,459)	(112,459)
Access	102,569	102,569
Assaying	580,474	580,474
Drilling	1,280,597	1,280,597
Equipment, rentals, camp and general	458,723	458,723
Field supplies	152,516	152,516
Geological consulting	818,820	818,820
Labour and supervision	897,863	897,863
Travel	196,863	196,863
Total exploration and evaluation activity for the year ended June 30, 2023	$4,810,698	$4,810,698

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

a) Golden Baie Property

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

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

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

- Payment of an aggregate cash payment of $50,000 and issuance of an aggregate of 1,000,000 common shares to the Optionors on the first anniversary of the Definitive Agreements. The cash payment was made and the common shares were issued in December 2021.
- Issuance of 2,500,000 common shares to Altius on the second anniversary of the Definitive Agreements. These have been reflected as shares to be issued and valued at $200,000 as at November 18, 2022.
- Payment of an aggregate cash payment of $50,000 and issuance of an aggregate of the lesser of $250,000 worth of common shares or 1,000,000 common shares to the Optionors on the second anniversary of the Definitive Agreements. This payment and the shares were issued in October 2022. Refer to Note 9(b)(iv).
- Payment of an aggregate cash payment of $100,000 and issuance of an aggregate of the lesser of $250,000 worth of common shares or 1,000,000 common shares to the Optionors on the third anniversary of the Definitive Agreements.

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

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

On November 24, 2020, the Company entered into an option agreement with Altius and other arm's length parties (collectively, the "Optionors") to acquire a 100% interest in 41 mineral claims contiguous with the Golden Baie Project, subject to a 1.5% NSR. In consideration for the acquisition of the option, Canstar shall, among other things: (i) issue an aggregate number of common shares, payable in installments, as is equal to $75,000 divided by the greater of $0.225 and the 5-day volume weighted average price per share; and (ii) pay an aggregate of $75,000 in cash, payable in installments, over a

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

a) Golden Baie Property (continued)

three-year period. Altius has the right to purchase at any time, from the Optionors, one third of the NSR (namely, a 0.5% NSR) for the total sum of $1,000,000. In addition, Altius has the right of first refusal on any sale by the Optionors of the remaining two thirds of the NSR.

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

During the years ended June 30, 2021 and 2022, the Company put up security bonds to keep certain Golden Baie claims in good standing. Once the required expenditures have been achieved, the bonds will be returned to the Company. During the year ended June 30, 2023, $168,926 (2022 - $nil) was returned to the Company.

Pursuant to an option agreement dated September 25, 2020, the Company issued 3,000,000 common shares to other arm's length parties at a weighted average value of $0.28 per share based on the quoted price of the shares at the time of issue, during the year ended June 30, 2022.

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

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

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

On August 15, 2022, the Company completed a property purchase agreement with four individuals ("the vendors"), in which the vendors transferred 100% of their beneficial interest in the Bernards Pond and Roti Bay claims, subject to the retention by the vendors of a 2.0% NSR from all commercial production on the Bernards pond claims and Roti Bay claims. The vendors transferred to the Company their beneficial interest in the Bernards Pond and Roti Bay claims, in consideration for the issuance of 250,000 common shares (issued and valued at $30,000 based on the quoted share price of $0.12 at the time of issuance) of the Company and payment of an aggregate of $30,920 for reimbursement of certain fees incurred by them. Refer to Note 9(b)(iii).

On December 8, 2022, the Company issued 88,887 common shares pursuant to the option agreement dated November 24, 2020. Refer to Note 9(b)(v).

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

b) Buchans-Mary March Properties

(i) Glencore Joint Venture

The Company entered into an option and Joint Venture Agreement with Glencore plc ("Glencore") whereby the Company had earned a 50% interest in the Mary March property located at Buchans Junction in central Newfoundland. The remaining 50% interest in the property was held by Glencore. The Company has a first right of refusal on Glencore's 50% interest, should they wish to sell. Exploration of the property was held up approximately 10 years due to a title dispute that was resolved in 2012 in the Company's favour by the Newfoundland and Labrador Supreme Court.

The property consists of four Fee Simple Grants consisting of five separate land parcels and two map-staked licenses.

Should the Glencore joint venture thus established proceed to production, the Company would make a one-time cash payment of $2 million within six months of the commencement of commercial production.

Canstar's share of production would be subject to a one percent (1%) NSR.

The Company is the operator of the Glencore joint venture and has the deciding vote in the event of a deadlock between the Company and Glencore. A diamond drilling program was completed in late 2012. The Company followed this up with a drill program in the fall of 2013. Glencore contributed $150,000 towards the 2012 exploration costs of the joint venture, however did not contribute to subsequent years' exploration expenditures. Glencore was therefore subject to a voluntary reduction due to non-participation of these exploration programs. Canstar now holds a 56% interest in the joint venture and Glencore holds a 44% interest. Glencore did not make further contributions and accordingly may be subject to additional voluntary reductions.

(ii) Mary March Extension Property

The Mary March Extension Property was acquired on April 7, 2009. The property is located immediately west and north of the Mary March Property.

Canstar holds a 100% interest in the property.

(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.

(EXPRESSED IN CANADIAN DOLLARS)

8. EQUIPMENT

Cost		Office and field equipment
Balance, June 30, 2021	**$**	**13,477**
Additions		16,500
Balance, June 30, 2022	**$**	**29,977**
Additions		1,289
Balance, June 30, 2023	**$**	**31,266**

Accumulated Depreciation		Office and field equipment
Balance, June 30, 2021	**$**	**10,942**
Depreciation		813
Balance, June 30, 2022	**$**	**11,755**
Depreciation		3,920
Balance, June 30, 2023	**$**	**15,675**

Carrying Value		Office and field equipment
Balance, June 30, 2022	**$**	**18,222**
Balance, June 30, 2023	**$**	**15,591**

9. CAPITAL STOCK, OPTIONS AND WARRANTS

(a) Authorized

Unlimited number of common shares, without par value.

(b) Issued

110,342,559 common shares

Summary of changes in capital stock:

	Shares		Amount
Balance, June 30, 2021	**86,393,450**	**$**	**24,839,707**
Share of issue costs	-		(286,381)
Share of issue costs - finder warrants (ii)	-		(146,896)
Issuance of warrants (ii)	-		(1,118,911)
Flow-through private placement (ii)	16,136,609		5,083,032
Issuance of shares for property interest (Note 7(a))	3,551,055		992,500
Exercise of warrants (i)	2,922,558		788,862
Balance, June 30, 2022	**109,003,672**	**$**	**30,151,913**

(EXPRESSED IN CANADIAN DOLLARS)

9. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Issued (Continued)

	Shares		Amount
Balance, June 30, 2022	**109,003,672**	**$**	**30,151,913**
Issuance of shares for property interest (iii)(iv)(v)	1,338,887		126,222
Balance, June 30, 2023	**110,342,559**	**$**	**30,278,135**

(i) During the period ended June 30, 2022, 2,922,558 warrants were exercised at a price of $0.21 per warrant for gross proceeds of $613,739, and $175,123 was reclassified from warrants reserve for a total value amount of $788,862.

(ii) On December 8, 2021, the Company announced its completion of a non-brokered private placement, consisting of the sale of 14,412,471 flow-through units (each a “FT Unit”) at a price of $0.315 per FT Unit and 1,724,138 premium flow-through units (each a “Premium FT Unit”, and together with the FT Units) at a price of $0.39 per Premium FT Unit for aggregate gross proceeds of $5,212,342. Each FT Unit is composed of one common share of the Company issued on a flow-through basis within the meaning of the Income Tax Act (Canada) (the “Tax Act”) and one-half of one share purchase warrant. A flow-through premium liability was recorded in connection with this financing. The Company satisfied the $5,212,342 flow-through expenditure commitment by December 31, 2022.

A director of the Company subscribed for an aggregrate of 158,800 FT units.

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

In connection with the flow-through offering, the Company paid commissions of an aggregate of $286,381 in cash and 908,019 finder warrants. Each finder warrant will entitle the holder thereof to purchase one share at an exercise price of $0.315 per finder warrant for a period of 24 months from closing of the offering. A fair value of $146,896 was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 1.14%; share price of $0.238; expected life of 2 years; and an expected volatility of 155% based on the Company's historical trading data.
(iii) On August 15, 2022, 250,000 shares based on the quoted price of the shares at the time of issuance, valued at $30,000 were issued in accordance with the Golden Baie Project (Note 7(a)).

(iv) On October 5, 2022, 1,000,000 shares based on the quoted price of the shares at the time of issuance, valued at $90,000 were issued in accordance with the Golden Baie project (Note 7(a)).

(v) On December 8, 2022, 88,887 shares based on the quoted price of the shares at the time of issuance, valued at $6,222 were issued in accordance with the Golden Baie project (Note 7(a)).

(EXPRESSED IN CANADIAN DOLLARS)

9. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(c) Stock Options

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2021	**6,407,500**	**$ 0.29**
Granted (i)	3,250,000	0.28
Expired	(1,157,500)	(0.28)
Balance, June 30, 2022	**8,500,000**	**0.28**
Granted (ii)	2,475,000	0.06
Cancelled (iv)	(2,350,000)	0.28
Expired (iv)	(300,000)	0.28
Balance, June 30, 2023	**8,325,000**	**$ 0.21**

(i) On December 10, 2021, the Company granted 3,250,000 stock options to directors, officers, consultants and employees of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.28 for a period of 5 years. The options vest 1/3 on the date of grant and 1/3 on each of the first and second anniversaries of the grant date. A grant date fair value of $680,882 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 1.31%; expected life of 5 years; and an expected volatility of 155% based on the Company's historical trading data.

(ii) On March 24, 2023, the Company granted 2,475,000 stock options to directors, officers, consultants and employees of the Company. Each stock option allows the holder to acquire one common share of the Company at an exercise price of $0.06 for a period of 5 years. The options vest 1/3 on the date of grant and 1/3 on each of the first and second anniversaries of the grant date. A grant date fair value of $135,984 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2.77%; expected life of 5 years; and an expected volatility of 151% based on the Company's historical trading data.

(iii) The total value of share-based payments for the year ended June 30, 2023 was $364,316 (year ended June 30, 2022 - $762,205).

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

As at June 30, 2023, the following stock options were outstanding:

Number of Options	Exercisable Options	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
150,000	150,000	$0.10	0.30	October 19, 2023
1,950,000	1,950,000	$0.28	2.29	October 14, 2025
550,000	550,000	$0.28	2.61	February 8, 2026
400,000	400,000	$0.28	2.82	April 26, 2026
2,800,000	1,866,667	$0.28	3.45	December 10, 2026
2,475,000	825,000	$0.06	4.74	March 24, 2028
8,325,000	**5,741,667**	**$0.21**	**3.38**	

(EXPRESSED IN CANADIAN DOLLARS)

9. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2021	**27,110,013**	**$ 0.23**
Issued (Note 9(b)(ii))	8,976,324	0.41
Exercised (Note 9(b)(i))	(2,922,558)	0.21
Balance, June 30, 2022	**33,163,779**	**0.28**
Expired	(24,187,455)	0.21
Balance, June 30, 2023	**8,976,324**	**$ 0.41**

As at June 30, 2023, the following warrants were outstanding.

Black-Scholes Valuation	Number of Warrants	Exercise Price	Expiry Date
$ 1,118,911	8,068,305	$0.42	December 7, 2023
146,896	908,019	$0.315	December 7, 2023
$ 1,265,807	**8,976,324**	**$0.41**	

10. FINANCIAL INSTRUMENTS

Fair Value

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

Fair value hierarchy

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

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

10. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2023.

	Level 1	Level 2	Level 3	Total
Investments	$ 57,400	$ -	$ -	$ 57,400
Cash and cash equivalents	450,096	-	-	450,096
Marketable securities	375,746	-	-	375,746
	$ 883,242	**$ -**	$ -	**$ 883,242**

There were no transfers between Level 2 and Level 3 during the years ended June 30, 2023 and 2022.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

Credit risk

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company had a cash and cash equivalents balance of $450,096 (2022 - $201,251) and marketable securities of $375,746 (2022 - $4,714,600) to settle current liabilities of $281,444 (2022 - $119,747) 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 and cash equivalents balances subject to interest. Management does not believe the Company is exposed to significant interest rate risk.

Foreign currency risk

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

Price risk

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

10. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk factors (continued)

Sensitivity analysis

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

(i) Cash and cash equivalents and marketable securities are invested with a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. Sensitivity to a plus or minus 1% change in rates, based on the balance of cash and cash equivalents balance at June 30, 2023, would affect the net loss by plus or minus $4,500, during a twelve-month period.

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

(iii) As a result of the 70,000 shares held in Angus, a 10% fluctuation in fair value of the shares in Angus would result in a change in fair value of $5,740.

(iv) As a result of the GICs and exchange traded funds held in marketable securities, a 1% fluctuation in fair value of the marketable securities would result in a change in fair value of $3,800.

11. CAPITAL MANAGEMENT

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

There were no changes in the Company's approach to capital management approach during the years ended June 30, 2023 and 2022.

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

Canstar entered into the following transactions with related parties:

(EXPRESSED IN CANADIAN DOLLARS)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

The remuneration of directors and key management during the years ended June 30, 2023 and June 30, 2022 were as follows:

	Year Ended June 30, 2023		Year Ended June 30, 2022
Short-term benefits	**$**	**180,000**	$ 140,981
Share-based payments		**217,733**	569,278
	$	**397,733**	$ 710,259

During the year ended June 30, 2023, $180,000 (year ended June 30, 2022 - $140,981), was paid to key management and included in management fees. Included in accounts payable and accrued liabilities as at June 30, 2023, is $15,000 owing to an officer, who is also a director of the Company (June 30, 2022 - $nil).

During the year ended June 30, 2023, the Company incurred $7,200 (year ended June 30, 2022 - $7,500) for rent charged by a third-party that was previously a significant shareholder of the Company.

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

See Note 9(b)(ii).

As at June 30, 2023, the directors and officers of the Company together control 4,168,077 common shares or approximately 3.8% of the total common shares outstanding (June 30, 2022 - 3,885,077 common shares or approximately 3.6% of the total common shares outstanding).

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

13. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 28.25% (2022 – 28.25%) to the effective tax rate is as follows:

		2023		2022 *(Restated Note 4)*
Loss before income taxes	**$**	**(5,585,700)**	$	(5,664,738)
Expected income tax (recovery)		**(1,577,960)**		(1,501,155)
Adjustments to benefit resulting from:				
Share-based payments and other non-deductible expenses		**51,420**		14,800
Dissolution of Adventus Newfoundland Corporation		**123,040**		-
Share issuance cost booked directly to equity		**-**		(122,400)
Effect of flow-through renunciation		**971,160**		629,955
Changes in unrecognized tax benefits		**432,340**		978,800
Income tax (recovery)	**$**	**-**	$	-

(EXPRESSED IN CANADIAN DOLLARS)

13. INCOME TAXES (continued)

Unrecognized deferred tax assets

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

	2023	2022 (*Restated Note 4)*
Share issuance costs	**$ 320,350**	$ 474,570
Operating tax losses carried forward	**2,910,400**	2,170,440
Capital losses carried forward	**172,060**	172,060
Investment tax credits and other	**83,880**	65,370
Resource pools - Mineral Properties	**15,532,470**	9,424,980
	$ 19,019,160	$ 12,307,420

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

The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

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

2026	$ 94,020
2027	100,880
2028	100,880
2029	102,290
2030	89,850
2031	35,860
2032	13,710
2035	2,410
2036	10,580
2037	15,880
2038	15,830
2039	52,760
2040	302,470
2041	470,180
2042	758,290
2043	744,510
	$ 2,910,400

14. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended June 30, 2023 was based on the net loss attributable to common shareholders of $5,585,700 (year ended June 30, 2022 - $5,664,738) and the weighted average number of common shares outstanding of 110,006,091 (year ended June 30, 2022 - 100,158,052). Diluted loss per share did not include the effect of 8,325,000 options and 8,976,324 warrants outstanding (June 30, 2022 - 8,500,000 options and 33,163,779 warrants outstanding) as they are anti-dilutive.

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 are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-Through Commitment

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) by incurring qualified exploration expenditures before December 31, of the year following the year in which the agreement is entered into.However, as at June 30, 2023 all flow-through expenditure commitments have been met. The Company indemnifies the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. Certain interpretations are required to assess the eligibility of flow- through expenditures that if changed, could result in the denial of renunciation.

16. SUBSEQUENT EVENT

Subsequent to June 30, 2023, a cash payment of $100,000 and issuance of 1,000,000 common shares were paid to arm's length parties as per the Golden Baie option agreement dated September 25, 2020.