
CANSTAR RESOURCES INC.

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 AND
2024

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

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

As at,	Notes	June 30, 2025 \$	June 30, 2024 \$
Assets			
Current assets			
Cash and cash equivalents		193,685	38,944
Prepaid expenses and deposits	6, 12	70,839	41,342
Advances receivable	7	-	28,028
Amounts receivable	7	79,431	12,613
Marketable securities	4	224,607	424,287
Investments	5	-	31,150
Current assets		568,562	576,364
Equipment	9	12,098	13,009
Total assets		580,660	589,373
Liabilities and shareholders' equity			
Accounts payable and accrued liabilities	12	405,577	117,611
Current liabilities		405,577	117,611
Loan payable	10	426,226	-
Total liabilities		831,803	117,611
Shareholders' equity (deficit)			
Capital stock	11	32,039,464	31,014,239
Warrants	11	133,254	343,072
Share-based payment reserve	11	592,984	1,427,845
Deficit		(33,016,845)	(32,313,394)
Total shareholders' equity (deficit)		(251,143)	471,762
Total liabilities and shareholders' equity (deficit)		580,660	589,373

Nature and continuance of operations (Notes 1 and 2)

Commitments and contingencies (Notes 8 and 15)

Subsequent events (Note 18)

Approved on behalf of the Board of Directors on October 21, 2025:

"J. Clare"

DIRECTOR

"J. Allison"

DIRECTOR

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

		Year ended,	
		June 30, 2025	June 30, 2024
	Notes	\$	\$
Operating Expenses			
Exploration and evaluation expenditures	8	881,136	702,411
Share-based payment	11(c) and 12	110,454	60,163
Accretion	10	8,421	-
Interest and bank charges		2,719	2,321
Transfer agent and filing fees		33,902	31,126
Management fees	12	360,282	261,211
Professional fees		153,179	123,765
General and office expenses		87,689	39,221
Shareholder information		16,546	2,110
Depreciation	9	2,977	3,118
Rent		9,100	7,700
Payroll expenses	12	16,515	-
Travel		79,930	41,855
Foreign exchange		(3,753)	-
Total operating expenses		1,759,097	1,275,001
Loss before other items below:		(1,759,097)	(1,275,001)
Other Items			
Government grants		38,096	-
Interest and dividend income	4	11,109	23,177
Fair value adjustment on investments	5	6,270	(26,250)
Realized gain on sale of investments	4	1,016	-
Unrealized gain on loan payable	10	82,195	-
Write-off of amounts receivable	7	(28,355)	-
Total other items		110,331	(3,073)
Net loss and comprehensive loss for the year		(1,648,766)	(1,278,074)
Basic and diluted loss per share for the year		(0.01)	(0.01)
Weighted average number of common shares outstanding		147,486,054	124,448,240

See accompanying notes to the financial statements

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

	Number of shares #	Capital Stock \$	Shares to be Issued \$	Warrants \$	Share-based Payment Reserve \$	Deficit \$	Total \$
Balance, June 30, 2023	110,342,559	30,278,135	200,000	1,265,807	1,331,581	(32,304,408)	771,115
Issuance of shares for private placements	26,665,500	513,143	-	343,072	-	-	856,215
Share issue costs	-	(12,372)	-	-	-	-	(12,372)
Issuance of shares for property interest	3,633,333	235,333	(200,000)	-	-	-	35,333
Expiry of stock options	-	-	-	-	(3,281)	3,281	-
Expiry of warrants	-	-	-	(1,265,807)	-	1,265,807	-
Share-based payment expense	-	-	-	-	99,545	-	99,545
Net loss for the year	-	-	-	-	-	(1,278,074)	(1,278,074)
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	16,308,131	1,025,225	-	(209,818)	-	-	815,407
Cancellation of stock options	-	-	-	-	(945,315)	945,315	-
Share-based payment expense	-	-	-	-	110,454	-	110,454
Net loss for the year	-	-	-	-	-	(1,648,766)	(1,648,766)
Balance, June 30, 2025	156,949,523	32,039,464	-	133,254	592,984	(33,016,845)	(251,143)

See accompanying notes to the financial statements

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

	June 30, 2025	June 30, 2024
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	(1,648,766)	(1,278,074)
Items not affecting operating cash:		
Share-based payment expense	110,454	60,163
Share-based payment included in exploration and evaluation expenditures	-	39,382
Depreciation	2,977	3,118
Write-off of amounts receivable	28,355	-
Realized gain on sale of investments	(1,016)	-
Unrealized gain on discount of loan payable	(82,195)	-
Accretion expense	8,421	-
Common shares issued and to be issued for exploration property interest	-	35,333
Fair value adjustment on investments	(6,270)	26,250
Foreign exchange	(3,753)	-
	(1,591,793)	(1,113,828)
Net changes in non-cash working capital:		
Amounts receivable and prepaid expenses	(96,642)	71,743
Accounts payable and accrued liabilities	287,969	(163,833)
Cash used in operating activities	(1,400,466)	(1,205,918)
INVESTING ACTIVITIES		
Purchase of equipment	(2,066)	-
Interest income	-	15,887
Sale of investments	32,166	-
Purchase and sale of marketable securities, net	209,700	(64,964)
Cash (used in) provided by investing activities	239,800	(49,077)
FINANCING ACTIVITIES		
Proceeds from private placement financing	-	856,215
Share issue costs	-	(12,372)
Warrants exercised	815,407	-
Proceeds from loan payable	500,000	-
Cash received from financing activities	1,315,407	843,843
Increase (decreased) in cash and cash equivalents	154,741	(411,152)
Cash and cash equivalents, beginning of the year	38,944	450,096
Cash and cash equivalents, end of the year	193,685	38,944
Cash and Cash Equivalents		
Cash	193,685	38,944
Cash equivalents	-	-
	193,685	38,944
SUPPLEMENTAL INFORMATION		
Interest income received	11,098	18,852

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 financial statements were approved by the Board of Directors on October 21, 2025.

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 June 30, 2025, 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 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 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 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.

2. BASIS OF PREPARATION (CONTINUED)

Basis of Measurement:

These 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 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

The accounting policies set out below have been applied in preparing the financial statements for the years ended June 30, 2025 and 2024.

Functional and Presentation Currency:

The Company'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 statements of operations and comprehensive loss.

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 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 MATERIAL ACCOUNTING POLICIES (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 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 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).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Classification and Measurement (continued)

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.

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 consist 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 and loans payables, 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 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).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 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.

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 commercially 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 commercial production.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 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.

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 statement of operations and comprehensive loss 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 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, 2025 and June 30, 2024.

Critical judgments and estimation uncertainties:

The preparation of 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 financial statements and related notes to the 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 material judgments, estimates and assumptions in determining carrying values include, but are not limited to:

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

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.

As at June 30, 2025, the Company had a deficit of \$33,016,845 (June 30, 2024 – \$32,313,394) and working capital of \$162,985 (June 30, 2024 – \$458,753). 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, 2025 is not sufficient to support planned operations for at least the next 12 months. The Company may ultimately curtail its operations and continue as a going concern.

New Standards Adopted

The Company adopted the following amendment to IFRS Accounting Standards that are mandatorily effective for accounting periods beginning on or after January 1, 2024. Their adoption has not had a material impact on disclosures or amounts reported in these financial statements.

Amendments to IAS 1 - Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, Presentation of Financial Statements titled non-current liabilities with covenants. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, Classification of liabilities as current or noncurrent, issued in January 2020, which clarified that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if an entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period.

Future Policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after June 30, 2025. 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 financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. In addition, IFRS 18 requires entities to classify income and expenses into five categories, three of which are new – i.e. operating, investing and financing – and the income tax and discontinued operation categories. The new standard sets out detailed requirements for classifying income and expenses into each category. These amendments are effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its financial statements.

Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments

IFRS 9 requires entities to recognize financial assets and liabilities when they become party to the contractual terms and to measure them initially at fair value, adjusted for directly attributable transaction costs where applicable. The standard is being clarified to provide better guidance on the derecognition of financial liabilities, which can impact bank reconciliation processes, especially during debt restructuring based on the timing of payments on financial liabilities as compared to the actual settlement of those debts. This clarification may result in a change in the derecognition timing of financial liabilities in situations where electronic payments are involved. The Company is currently assessing the impact that the adoption of this clarification of IFRS 9 will have on its financial statements.

4. MARKETABLE SECURITIES

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

For the year ended June 30, 2025, the Company earned interest and dividend income of \$11,109 (June 30, 2024 – \$23,177) 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 June 30, 2025	As at June 30, 2024
	\$	\$
GICs	50,000	50,000
Exchange Traded Funds	174,607	374,287
Total	224,607	424,287

Canstar Resources Inc.
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)

5. INVESTMENTS

As at June 30, 2025, the Company held Nil shares.

As at June 30, 2024, the Company held the following shares:

	Number of Common Shares	Cost	Market Value Adjustment	Fair Value
Angus Gold Inc. ("Angus")	70,000	\$14,000	\$17,150	\$31,150

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

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.

6. PREPAID EXPENSES AND DEPOSITS

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

	As at June 30, 2025	As at June 30, 2024
	\$	\$
Deposit for office rent	600	-
Management Fees	29,356	29,262
Insurance	6,480	12,080
Payroll	12,661	-
Exploration and evaluation expenses	21,742	-
	70,839	41,342

Included in prepaid expenses as of June 30, 2025 is \$29,356 (June 30, 2024 – \$29,262) for officers relating to management fees that have not incurred as of the year end (Note 12).

7. AMOUNTS AND ADVANCES RECEIVABLE

The Company's amounts receivable are as follows:

	June 30, 2025	June 30, 2024
	\$	\$
Sales tax receivable	79,431	12,286
Interest receivable	-	327
Total amounts receivable	79,431	12,613
Advances receivable	-	28,028
Total amounts and advances receivable	79,431	40,641

During the year ended June 30, 2025, the Company wrote off \$327 of interest receivable and advances receivable of \$28,028 as the amounts were deemed uncollectible.

Canstar Resources Inc.
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)

8. EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

	Golden Baie Property	Mary March Property	Buchans Property	Total
	\$	\$	\$	\$
Exploration and evaluation activity for the year ended				
Assaying	-	870	-	870
Claims, maintenance fees	46,542	520	-	47,062
Equipment, rentals, camp and general	32,428	26,273	44,438	103,139
Field supplies	3,494	-	-	3,494
Geological consulting	67,231	390	54,942	122,563
Geophysical	-	-	365,522	365,522
Labour and supervision	52,101	110,774	69,064	231,939
Travel	-	5,433	1,114	6,547
June 30, 2025	201,796	144,260	535,080	881,136

	Golden Baie Property	Mary March Property	Buchans Property	Total
	\$	\$	\$	\$
Exploration and evaluation activity for the year ended				
Option payments	169,383	-	-	169,383
Recovered from government	(98,604)	-	-	(98,604)
Access	43,951	-	-	43,951
Assaying	1,159	-	-	1,159
Property Acquisition	35,333	-	-	35,333
Equipment, rentals, camp and general	33,225	13,200	-	46,425
Field supplies	25,821	18,586	-	44,407
Geological consulting	138,884	6,300	24,711	169,895
Claims, maintenance fees	22,019	-	-	22,019
Labour and supervision	247,463	3,715	6,078	257,256
Travel	11,187	-	-	11,187
June 30, 2024	629,821	41,801	30,789	702,411

**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, 2021, and 2022. Once the required expenditures have been achieved, the bonds will be returned to the Company. During the year ended June 30, 2024, the Newfoundland Government refunded the Company \$98,604.

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.

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

b) Buchans-Mary March Properties (continued)

(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.

(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 Glencore JV. 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.

Canstar Resources Inc.
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)

9. EQUIPMENT

Cost		Office and field equipment	
Balance	June 30, 2023	\$	31,266
Addition			536
Balance	June 30, 2024		31,802
Additions			2,066
Balance	June 30, 2025	\$	33,868
Accumulated Depreciation		Office and field equipment	
Balance	June 30, 2023	\$	15,675
Additions			3,118
Balance	June 30, 2024		18,793
Additions			2,977
Balance	June 30, 2025	\$	21,770
Net Book Value		Office and field equipment	
Balance	June 30, 2024	\$	13,009
Balance	June 30, 2025	\$	12,098

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

On April 15, 2025, the Company entered into a Letter of Intent (“LOI”) with a third party, VMS Mining Corporation (“VMS Mining”) to establish terms for a \$11.5M exploration Joint Venture (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”).

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.

10. LOAN PAYABLE (CONTINUED)

As at June 30, 2025, the carrying amount of the Loan payable was \$426,226, which reflects the amortized cost of the financial liability.

The Proposed Transactions shall be structured in four phases as follows:

Phase 1: Initial Investment and Funding Note

The Company will issue a short-term promissory note to VMS Mining for proceeds of C\$1.5M with proceeds applied only to accepted exploration expenditures on the Projects (the "Funding Note").

On execution of the LOI, the Company will enter into negotiations to finalize the terms of the Funding Note within 15 days of the LOI. (Completed)

The Funding Note consists of two tranches:

- \$500,000 advanced to the Company by VMS Mining 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") to be advanced within six months of the execution of the LOI.
- The Funding Note matures on October 31, 2026 and does not accrue interest while it is outstanding, however if the loan is not repaid within 10 days of the maturity date, interest will accrue at 2% per annum.

Pursuant to the settlement conditions below, until the date the Second Tranche Funds are due, and the receipt by VMS Mining of shares equal to 10% of the issued and outstanding shares of a newly incorporated Ontario Corporation under the JV ("SPVCo"), the Company and VMS Mining may agree that VMS Mining 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;
- 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; 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, VMS Mining 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.

10. LOAN PAYABLE (CONTINUED)

Phase 3: Additional Investment for 60% Ownership

Following Phase 2, VMS 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.

(b) Issued

Summary of changes in capital stock:

		Shares	Amount
Balance, June 30, 2023		110,342,559	\$ 30,278,135
Private placement	(iv)	10,415,500	312,465
Share issue costs	(iv)	-	(12,372)
Issuance of warrants	(iv)	-	(343,072)
Flow-through private placements	(iv)	16,250,000	543,750
Issuance of shares for property interest	(i) (ii) (iii)	3,633,333	235,333
Balance, June 30, 2024		140,641,392	\$ 31,014,239
Issuance of shares for warrant exercises	(v) (vi) (vii) (viii)	16,308,131	1,025,225
Balance, June 30, 2025		156,949,523	\$ 32,039,464

- (i) On September 29, 2023, 1,000,000 shares, based on the quoted price of the shares at the time of issuance, valued at \$30,000, were issued to Altius under the Golden Baie options agreement (Note 8).
- (ii) On October 26, 2023, 2,500,000 shares valued at \$200,000 were issued to Altius as part of the Golden Baie option agreement (Note 8).
- (iii) On December 4, 2023, 133,333 shares, valued at \$5,333, based on the quoted price of the shares at the time of issuance, were issued in accordance with the Golden Baie project (Note 8).

11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

- (iv) On January 23, 2024, the Company closed a non-brokered private placement financing for gross proceeds of \$856,215 and a share issue cost of \$12,372. An aggregate of 26,665,500 units were sold. In connection with the flow-through offering, the Company paid \$1,875 in cash finder's fees.

The Company issued:

- (a) 10,415,500 units (each a "Hard Dollar Unit") at a price of \$0.03 per unit,
- (b) 10,000,000 flow-through units (each a "FT Unit") at a price of \$0.0325 per unit, and
- (c) 6,250,000 Critical Mineral Exploration Tax Credit ("CMETC") flow-through units at a price of \$0.035 per unit.

Each Hard Dollar Unit, FT Unit and CMETC unit is comprised of one common share, FT share and CMETC Share, respectively; all units also comprised of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.05 per for a period of 24 months following the closing of the offering.

(b) Issued (Continued)

A fair value for the warrants amounted to \$343,072 was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; share price of \$0.03; risk-free interest rate of 4.06%; expected life of 2 years; and expected volatility of 159% based on the Company's historical trading data.

- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) 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.

11. 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, 2023	8,325,000	\$ 0.21
Expired	(150,000)	0.10
Balance, June 30, 2024	8,175,000	\$ 0.21
Additions (i) (ii) (iii) (iv)	5,754,000	0.05
Cancelled	(4,675,000)	0.25
Balance, June 30, 2025	9,254,000	\$ 0.10

(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 \$0.035, 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 year ended June 30, 2025, the Company recorded share-based payments expense of \$76,047 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 year ended June 30, 2025, the Company recorded share-based payments expense of \$8,737 for these stock options.

11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

- (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 year ended June 30, 2025, the Company recorded share-based payments expense of \$12,590 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 year ended June 30, 2025, the Company recorded share-based payments expense of \$1,264 for these stock options.
- (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 year ended June 30, 2025, the Company recorded share-based payments expense of \$8,574 for these stock options.
- (vi) The total value of share-based payments for the year ended June 30, 2025, was \$110,454 (year June 30, 2024 – \$99,545), of which \$Nil (June 30, 2024 -\$39,382) was included in exploration and evaluation expenditure. The total value of the share-based payments includes \$3,242 for the year ended June 30, 2025 relating to stock options granted in prior years.

Canstar Resources Inc.
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)

11. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

As at June 30, 2025, the following stock options were outstanding:

Number of Options	Number of options - exercisable	Weighted Avg Life	Expiry date	Exercise Price
400,000	400,000	0.03	February 8, 2026	\$ 0.28
400,000	400,000	0.04	April 26, 2026	0.28
950,000	950,000	0.15	December 10, 2026	0.28
1,750,000	1,750,000	0.52	March 24, 2028	0.06
3,344,000	1,114,667	1.46	July 14, 2029	0.05
400,000	133,333	0.18	August 13, 2029	0.05
700,000	233,333	0.35	February 13, 2030	0.05
200,000	-	0.10	April 15, 2030	0.05
1,110,000	66,667	0.60	June 16, 2030	0.05
9,254,000	5,048,000	3.42		\$ 0.10

(d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2023	8,976,324	\$ 0.41
Issued	26,665,500	0.05
Expired	(8,976,324)	0.41
Balance, June 30, 2024	26,665,500	\$ 0.05
Exercised	(16,308,131)	0.05
Balance, June 30, 2025	10,357,369	\$ 0.05

As at June 30, 2025, the following warrants were outstanding.

Number of warrants	Number of warrants exercisable	Weighted average Life	Expiry date	Exercise Price	Black-Scholes Valuation
10,357,369 ¹	10,357,369	0.57	January 23, 2026	\$ 0.05	\$ 133,254
10,357,369	10,357,369				

¹: Subsequent to the year ended June 30, 2025, 10,357,369 common share purchase warrants were exercised for gross proceeds of \$517,868 (Note 18).

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 year ended June 30, 2025 and June 30, 2024 were as follows:

	June 30, 2025	June 30, 2024
	\$	\$
Short-term benefits	\$ 365,226	\$ 261,211
Exploration expenditures	112,228	-
Share-based payments	90,676	58,352
Total	\$ 568,130	\$ 319,563

During the year ended June 30, 2025, \$365,226 (year ended June 30, 2024 – \$261,211) was paid to key management and included in management fees and payroll expenses.

During the year ended June 30, 2025, \$112,228 (year ended June 30, 2024 – \$Nil) was paid to key management and included in exploration expenditures and payroll expenses.

Included in accounts payable and accrued liabilities as of June 30, 2025, is \$3,964 owing to officers (June 30, 2024 – \$Nil). (Officers submitted invoices before the end of the year for payment at the beginning of the following year).

Included in prepaid expenses as of June 30, 2025 is \$29,356 (June 30, 2024 – \$29,262) for officers relating to management fees that have not incurred as of the year 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 directors (executive or non-executive) of the Company. Amounts payable to related parties are unsecured, non-interest bearing and due on demand.

One investor controls 27,863,339 common shares, or approximately 17% of the total common shares outstanding as of June 30, 2025 (June 30, 2024 – 27,863,339 common shares, or approximately 20% of the total common shares outstanding).

Canstar Resources Inc.
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)

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 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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments	\$ 31,150	\$ -	\$ -	\$ 31,150
Cash and cash equivalents	38,944	-	-	38,944
Marketable securities	424,287	-	-	424,287
	\$ 494,381	\$ -	\$ -	\$ 494,381

There were no transfers between Level 2 and Level 3 during the year ended June 30, 2025 and 2024.

Financial Risk Factors

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

Financial Risk Factors (Continued)

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.

Canstar Resources Inc.
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS (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 June 30, 2025, the Company had a cash and cash equivalents balance of \$193,685 (June 30, 2024 – \$38,944) and marketable securities of \$224,607 (June 30, 2024 – \$424,287) to settle current liabilities of \$405,577 (June 30, 2024 – \$117,611). 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 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)

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 June 30, 2025, 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 significant exposure to foreign exchange risk.
- (iii) As a result of the GICs and exchange-traded funds held in marketable securities, a 1% fluctuation in the fair value of the marketable securities would result in a change in fair value of approximately \$1,000 (June 30, 2024 - \$5,000).

Geopolitical Risk

Emergent geopolitical dynamics between the United States' new executive administration and the Government of Canada—including changing tariff conditions—may create uncertainty in commodities markets and trade relations between the two countries. For the year ended June 30, 2025, 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 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 is committed to incurring 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, arising from flow-through offerings, of which approximately \$543,750 has been incurred to June 30, 2025, with a balance of \$Nil to be spent.

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 June 30, 2025, 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 year ended	
	June 30, 2025	June 30, 2024
Net loss attributable to common shareholders	\$1,648,766	\$1,278,074
Basic and diluted weighted average shares	147,486,054	124,448,240
Basic and diluted loss per share	\$0.01	\$0.01

Canstar Resources Inc.
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)

17. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 28.25% (June 30, 2024 – 28.25%) to the effective tax rate is as follows:

	June 30, 2025	June 30, 2024
Loss before income taxes	\$ (1,648,766)	\$ (1,278,074)
Expected income tax (recovery)	(465,780)	(361,056)
Adjustments to benefit resulting from:		
Share-based payments and other non-deductible expenses	32,970	28,496
Adjustments in respect of prior periods	49,540	(113,892)
Changes in unrecognized tax benefits	383,270	446,451
Income tax (recovery)	\$ -	\$ -

Deferred tax

The following table summarizes the components of deferred tax:

	June 30, 2025	June 30, 2024
Deferred Tax Assets		
Operating tax losses carried forward	20,841	-
Subtotal of assets	20,841	-
Deferred Tax Liabilities		
Debt	(20,841)	-
Subtotal of Liabilities	(20,841)	-
Net deferred tax liability	-	-

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:

	June 30, 2025	June 30, 2024
Share issuance costs	\$ 105,690	\$ 228,381
Equipment	21,610	18,632
Operating tax losses carried forward	4,263,800	3,475,146
Capital losses carried forward	153,890	172,058
Investment tax credits and other	113,718	113,718
Resource pools – Mineral Properties	17,346,550	16,641,110
	\$ 22,005,258	\$ 20,649,045

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 2030 - 2035.

Canstar Resources Inc.
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)

17. INCOME TAXES

Unrecognized Deferred Tax Assets (Continued)

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

2026	\$ 20,240
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	736,530
2044	590,230
2045	844,930
	\$ 4,263,800

18. SUBSEQUENT EVENTS

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 are exercisable to acquire one common share of the Company at a price of \$0.05 per share until January 23, 2026.

The Incentive Program encourages 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 and 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.

On August 28, 2025, the Company issued 1,000,000 common shares pursuant to the exercise of 1,000,000 warrants at an exercise price of \$0.05.

On September 8, 2025, the Company issued 2,141,869 common shares pursuant to the exercise of 2,148,869 warrants at an exercise price of \$0.05.

18. SUBSEQUENT EVENTS (CONTINUED)

On September 12, 2025, the Company issued 500,000 common shares pursuant to the exercise of 500,000 warrants at an exercise price of \$0.05.

On September 16, 2025, the Company issued 350,000 common shares pursuant to the exercise of 350,000 warrants at an exercise price of \$0.05.

On September 22, 2025, the Company issued 1,550,000 common shares pursuant to the exercise of 1,550,000 warrants at an exercise price of \$0.05.

On September 25, 2025, the Company issued 4,815,500 common shares pursuant to the exercise of 4,815,500 warrants at an exercise price of \$0.05.

On September 25, 2025, the Company granted 10,357,369 Incentive Warrants with an exercise price of \$0.07, expiring on September 25, 2026.