

Canstar Announces Non-Brokered Private Placement with Lead Order from Eric Sprott

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Toronto, Ontario – May 5, 2021 – CANSTAR RESOURCES INC. (TSXV: ROX & OTCPK: CSRNF) (“Canstar” or the “Company”) is pleased to announce a non-brokered private placement offering (the “Offering”) for aggregate gross proceeds of up to \$2,500,000 through the issuance of units of the Company (the “Units”) at a price of \$0.19 per Unit. Each Unit will consist of one common share (“Common Share”) and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.25 for a period of 24 months from the closing date of the Offering.

Mr. Eric Sprott has indicated his intention to subscribe for approximately \$2,000,000 of the Offering. As a result, Mr. Sprott is expected to hold an approximately 12.3% equity stake in the Company on an undiluted basis upon closing of the Offering, assuming total gross proceeds of \$2,500,000.

Rob Bruggeman, President & CEO of Canstar, commented: “We welcome Mr. Sprott as a strategic shareholder of the Company. This is an exciting time for Canstar because this year’s exploration program at the Golden Baie Project will be the first significant program with drilling on these claims in over a decade. The Golden Baie Project exhibits excellent potential to host orogenic style gold mineralization, given its location along a major tectonic boundary that is associated with other new gold discoveries in Newfoundland. Mr. Sprott’s recognition of the potential of Golden Baie’s potential is a strong endorsement of Canstar and the Golden Baie Project.”

The proceeds from the Offering will be used for exploration on the Company’s Golden Baie Project and other mineral exploration properties in Newfoundland and general working capital purposes. The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange and the securities regulatory authorities. All securities issued and issuable pursuant to the Offering will be subject to a four month hold period.

It is expected that certain directors, officers and other insiders of the Company (collectively, the “**Insiders**”) will participate in the Offering. The participation of Insiders in the Offering constitutes a “related party transaction”, as such terms are defined by Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). The Company is relying on an exemption from the formal valuation requirements of MI 61-101 available on the basis of the securities of the Company not being listed on specified markets, including the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ or certain overseas stock exchanges. The Company is also relying on the exemption from minority shareholder approval requirements under MI 61-101 as the fair market value of the participation in the Offering by the Insiders does not exceed 25% of the market capitalization of the Company.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Canstar Resources Inc.

Canstar is focused on the discovery and development of economic mineral deposits in Newfoundland and Labrador, Canada. Canstar has an option to acquire a 100% interest in the Golden Baie Project, a large claim package (62,175 hectares) with recently discovered, multiple outcropping gold occurrences on a major structural trend in south-central Newfoundland. The Company also holds the Buchans-Mary March project and other mineral exploration properties in Newfoundland. Canstar Resources is based in Toronto, Canada, and is listed on the TSX Venture Exchange under the symbol ROX and trades on the OTCPK under the symbol CSRNF.

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Forward-Looking Statements

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This News Release includes certain "forward-looking statements" which are not comprised of historical facts. Forward looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, the Company's objectives, goals or future plans, statements, exploration results, potential mineralization, the estimation of mineral resources, exploration and mine development plans, timing of the commencement of operations and estimates of market conditions, as well as the anticipated size of the Offering, the Offering price, the anticipated closing date and the completion of the Offering, the anticipated use of the net proceeds from the Offering and the receipt of all necessary approvals. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to failure to identify mineral resources, failure to convert estimated mineral resources to reserves, the inability to complete a feasibility study which recommends a production decision, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, inability to fulfill the duty to accommodate First Nations and other indigenous peoples, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, capital and operating costs varying significantly from estimates and the other risks involved in the mineral exploration and development industry, an inability to complete the Offering on the terms or on the timeline as announced or at all, an inability to predict and counteract the effects of COVID-19 on the business of the Company, including but not limited to the effects of COVID-19 on the price of commodities, capital market conditions, restriction on labour and international travel and supply chains, and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.