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NEWS RELEASE

Canstar Resources Receives $2.0 Million VMSC Advance, Bringing Total VMSC Funding to $4.0 Million to Advance Mary March Drilling

Fully-funded 2026 drill program advancing with drill results pending; Company to establish a director-supported credit facility to preserve treasury flexibility

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Toronto, Ontario – July 21, 2026 – Canstar Resources Inc. (TSXV: ROX; OTCID: CSRNF) ("Canstar" or the "Company") today announced that it has received an additional $2.0 million of funding from VMS Mining Corporation ("VMSC") toward the Mary March volcanogenic massive sulphide ("VMS") Project in Central Newfoundland, following acceptance of the amended funding note by the TSX Venture Exchange (the "Exchange"). The Company also intends to enter into a credit facility of up to $500,000, preserving treasury flexibility as it advances its 2026 drill program. The credit facility remains subject to definitive documentation and acceptance by the Exchange. The funding note and the credit facility reflect support from an earn-in partner and a director, respectively, as the Company advances the program at Mary March.

Highlights

- VMSC has advanced an additional **$2.0 million** under the amended funding note, received in full following Exchange acceptance. The advance accelerates Phase 2 earn-in funding at the Buchans and Mary March projects while the remaining joint-venture milestones are completed, bringing total VMSC funding to **$3.5 million in 2026 and $4.0 million to date.**
- The announcement follows the reporting of encouraging visual observations from the first hole of the Company's 2026 drill program (see the Company's news release dated July 8, 2026). Visual observations are not a substitute for assay results, which are pending. With a robust drill program at Mary March now fully funded and underway, additional results are anticipated in the near term.
- The Company intends to establish a credit facility of up to **$500,000**, secured by its shareholding in Churchill Resources Inc. ("Churchill"), to preserve treasury flexibility.
- The credit facility is expected to be provided by an entity controlled by a director and shareholder of the Company — see "Related Party Transaction" below.

Juan Carlos Giron Jr., President & CEO of Canstar, commented: "The additional funding from VMSC reflects a shared focus on VMS deposits and conviction in the Mary March project. The disciplined, geology-driven, target-generation work conducted has laid a solid foundation for the 2026 and future drill programs. The drill is turning, and we have begun reporting initial visual observations, with assays pending. We look forward to providing further updates as the program progresses."

Additional VMSC Funding and Joint Venture

Under the Buchans and Mary March joint venture, VMSC is earning an interest in these projects through a staged investment. The existing funding note has been amended to provide an additional $2.0 million, which accelerates a portion of the $4.0 million Phase 2 earn-in while the remaining joint-venture milestones are completed. The Exchange accepted the amendment on July 17, 2026, and the $2.0 million advance has been received in full. Including this amount, VMSC has funded $3.5 million so far during 2026 and $4.0 million in aggregate to date, comprising its completed $2.0 million Phase 1 investment and the first $2.0 million of a $4.0 million Phase 2 earn-in.

The advances are structured as unsecured loans that bear no interest until their maturity in October 2026, with interest at 2% per annum applying only if the advances are not repaid shortly after maturity. The advances will be credited against VMSC's Phase 2 subscription, subject to exercise of the Phase 2 earn-in option and formation of the joint-venture operating company; if the option is not exercised by maturity, the advances are repayable in accordance with their terms. VMSC is expected to earn its interest in the projects upon exercise of the Phase 2 earn-in option and formation of the joint-venture operating company.

Credit Facility

The Company intends to enter into a credit facility of up to $500,000 (the "Facility") to support its corporate treasury. The drill program is funded at the project level through the VMSC advances; the Facility addresses the Company's separate corporate working capital. Under the agreed term sheet, the Facility is to bear interest at 12% per annum, accrued and capitalized rather than paid in cash, mature nine months from closing, and be secured by the Company's 15,834,097 common shares of Churchill. The Facility is also expected to include an origination fee payable in common shares of the Company, subject to acceptance by the Exchange. A promissory note dated July 17, 2026, issued to the same entity, has provided interim liquidity of US$171,000, and is expected to roll into the Facility on completion of definitive documentation and Exchange acceptance. The Facility is expected to be repayable from available sources, potentially including future financings or proceeds from the Company's Churchill shareholding, and may be prepaid without penalty. Establishment of the Facility and its final terms remain subject to definitive documentation and Exchange acceptance.

Related Party Transaction

The Facility is to be provided by an entity controlled by J. Paul Austin III, a director of the Company, and accordingly is a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The interested director declared his interest and abstained from the Board's consideration and approval of the Facility. The Board considers the terms of the Facility to be consistent with market terms for comparable facilities, based on its review of comparable arrangements. The Company intends to rely on exemptions from the formal valuation and minority approval requirements of MI 61-101 on the basis that the fair market value of the Facility does not exceed 25% of the Company's market capitalization. The Company did not file a material change report more than 21 days before the expected closing of the Facility because the terms were not settled until shortly before this announcement.

"I am glad to support the Company directly," said J. Paul Austin III, a director of Canstar. "Mary March and the Buchans mining district remain highly prospective, yet underexplored, and Canstar is focused on delivering value at the drill bit."

Churchill Shareholding

Canstar holds 15,834,097 common shares of Churchill, received as the initial tranche of share consideration under the option agreement for the Company's Golden Baie Project and representing approximately 5.0% of Churchill's issued and outstanding shares at the time of issuance, with additional tranches issuable over the 24-month option period, for a total of up to 9.99%. The shareholding is to be pledged as security for the Facility and is among the Company's potential sources of repayment. Subject to that pledge, the Company intends to retain the position and continues to see potential in Golden Baie.

Use of Proceeds

Proceeds of the additional VMSC funding are being applied to outstanding exploration program costs and continued drilling at Mary March. Proceeds of the Facility, once established, will be used for general corporate purposes and working capital. Depending on results, the Company may extend the current drilling campaign.

Qualified Person

Robert Patey, P.Geo., Vice President Exploration of the Company and a "qualified person" for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, has reviewed and approved the scientific and technical information in this news release.

About Canstar Resources Inc.

Canstar Resources Inc. (TSXV: ROX) is a focused VMS exploration company with a portfolio of projects in established mining jurisdictions. The Company's flagship Mary March VMS Project (~122 km^2) is located within the Buchans District in Central Newfoundland and is being advanced under an earn-in joint venture with VMS Mining Corporation. The Buchans mining camp is well-known for producing some of the highest-grade VMS deposits in North American mining history. The Company's Skellefte VMS Project (approximately 68,000 hectares) is located in the northern portion of the Skellefte VMS belt of Sweden, a well-established VMS district. Canstar also holds the Golden Baie Project in southern Newfoundland, currently subject to an option agreement with Churchill Resources Inc.

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Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of applicable Canadian securities laws, including statements regarding the terms, establishment, roll-in and availability of the Facility; the Company's reliance on exemptions under MI 61-101; the funding, scope, timing and potential extension of the 2026 drill program and the conduct and funding of future drill programs; the anticipated timing and results of assays; the Company's intentions with respect to its Churchill shareholding; the completion of the joint-venture milestones and formation of the joint-venture operating company; the crediting of the VMSC advances against a future Phase 2 subscription; and the Company's financing plans. Forward-looking information is based on assumptions and is subject to risks and uncertainties that may cause actual results to differ materially, including the failure to obtain Exchange acceptance or to complete definitive documentation, the non-exercise of the Phase 2 earn-in option, changes in market conditions and share prices, exploration results, and other risks described in the Company's continuous disclosure. The Company disclaims any obligation to update forward-looking information except as required by law.