
CANSTAR RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Canstar Resources Inc. (the "Company" or "Canstar") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

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

As at	September 30, 2022	June 30, 2022
ASSETS		
Current		
Cash and cash equivalents	\$ 261,910	\$ 201,251
Amounts receivable and prepaid expenses	371,845	523,228
Advances receivable	65,821	77,858
Marketable securities (Note 3)	3,427,000	4,714,600
Investments (Note 4)	52,500	70,700
Total current assets	4,179,076	5,587,637
Golden Baie security deposit (Note 5)	265,450	265,450
Equipment (Note 6)	18,531	18,222
Interest in exploration properties and deferred exploration expenditures (Notes 5 and 8)	9,020,319	7,375,911
Total assets	\$ 13,483,376	\$ 13,247,220
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 445,306	\$ 119,747
Flow-through premium (Note 9)	46,974	85,285
Total liabilities	492,280	205,032
SHAREHOLDERS' EQUITY		
Capital stock (Note 7(b))	30,181,913	30,151,913
Warrants (Note 7(d))	2,699,610	2,858,506
Share-based payment reserve (Note 7(c))	1,719,856	1,583,419
Deficit	(21,610,283)	(21,551,650)
Total shareholders' equity	12,991,096	13,042,188
Total liabilities and shareholders' equity	\$ 13,483,376	\$ 13,247,220

Nature and Continuance of Operations (Note 1)
Commitments and Contingencies (Notes 5 and 9)
Subsequent Events (Note 10)

APPROVED ON BEHALF OF THE BOARD:

"R. Bruggeman", Director

"S. Leung", Director

See accompanying notes to the unaudited condensed interim consolidated financial statements.

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

	Three Months Ended September 30,	
	2022	2021
Operating expenses		
Share-based payment (Notes 7(c) and 8)	\$ 99,780	\$ 190,818
Interest and bank charges	246	12,766
Transfer agent and filing fees	4,157	5,905
Management fees (Note 8)	57,031	33,053
Professional fees (Note 8)	21,030	(256)
General and office expenses	46,130	28,531
Shareholder information	3,606	3,455
Depreciation (Note 6)	980	103
Rent (Note 8)	10,050	1,200
Travel	746	-
Total operating expenses	243,756	275,575
Loss before items below:	(243,756)	(275,575)
Fair value adjustment on marketable securities	-	4,320
Interest income (Note 3)	6,116	165
Realised gain on marketable securities (Note 3)	-	325
Fair value adjustment on investments (Note 4)	(18,200)	(7,000)
Flow-through premium	38,311	-
Net loss and comprehensive loss for the period	\$ (217,529)	\$ (277,765)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of shares - basic and diluted	109,129,699	88,266,808

See accompanying notes to the unaudited condensed interim consolidated financial statements.

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

	Three Months Ended September 30,	
	2022	2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the period	\$ (217,529)	\$ (277,765)
Charges not involving cash:		
Share-based payment expense	99,780	190,818
Fair value adjustment on marketable securities	-	(4,320)
Depreciation	980	103
Flow-through premium	(38,311)	-
Fair value adjustment on investments	18,200	7,000
Realised gain on sale of marketable securities	-	(325)
	(136,880)	(84,489)
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	151,383	(116,786)
Advances receivable	12,037	(10,000)
Accounts payable and accrued liabilities	325,559	161,004
Cash flows from (used in) operating activities	352,099	(50,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of warrants	-	613,739
Cash flows from financing activities	-	613,739
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest in exploration properties and deferred exploration expenditures	(1,577,751)	(1,315,823)
Proceeds from sale of marketable securities	1,287,600	901,419
Interest income	-	(165)
Purchase of equipment	(1,289)	-
Cash flows used in investing activities	(291,440)	(414,569)
Change in cash and cash equivalents	60,659	148,899
Cash and cash equivalents, beginning of period	201,251	279,445
Cash and cash equivalents, end of period	\$ 261,910	\$ 428,344
SUPPLEMENTAL INFORMATION		
Share-based compensation capitalized to exploration expenditure properties	\$ 36,657	\$ -
Common shares issued for property interests	\$ 30,000	\$ -
CASH AND CASH EQUIVALENTS		
Cash	\$ 200,906	\$ 397,413
Cash equivalents	61,004	30,931
	\$ 261,910	\$ 428,344

See accompanying notes to the unaudited condensed interim consolidated financial statements.

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

	Capital Stock	Warrants	Share-based Payment Reserve	Deficit	Total
Balance, June 30, 2021	\$ 24,839,707	\$ 1,767,822	\$ 1,031,699	\$ (12,907,071)	\$ 14,732,157
Share-based payment expense	-	-	190,818	-	190,818
Exercise of warrants	788,862	(175,123)	-	-	613,739
Net loss for the period	-	-	-	(277,765)	(277,765)
Balance, September 30, 2021	\$ 25,628,569	\$ 1,592,699	\$ 1,222,517	\$ (13,184,836)	\$ 15,258,949
Balance, June 30, 2022	\$ 30,151,913	\$ 2,858,506	\$ 1,583,419	\$ (21,551,650)	\$ 13,042,188
Share-based payment expense	-	-	99,780	-	99,780
Share-based payment capitalized	-	-	36,657	-	36,657
Common shares issued for property interest	30,000	-	-	-	30,000
Expiry of warrants	-	(158,896)	-	158,896	-
Net loss for the period	-	-	-	(217,529)	(217,529)
Balance, September 30, 2022	\$ 30,181,913	\$ 2,699,610	\$ 1,719,856	\$ (21,610,283)	\$ 12,991,096

See accompanying notes to the unaudited condensed interim consolidated financial statements.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2022

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 unaudited condensed interim consolidated financial statements were approved by the Board of Directors on November 28, 2022.

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 carrying values of 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance:

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of November 28, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended June 30, 2022. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending June 30, 2023 could result in restatement of these unaudited condensed interim consolidated financial statements.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
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3. MARKETABLE SECURITIES

The Company's marketable securities include GICs and other exchange traded funds that invest primarily in high interest deposit accounts with Canadian banks.

During the three months ended September 30, 2022, the Company recognized a realized gain of \$nil (three months ended September 30, 2021 - \$325). During the three months ended September 30, 2022, the Company also earned interest and dividend income of \$6,116 (three months ended September 30, 2021 - \$165) from investment activity.

Marketable securities have been designated as fair value through profit or loss and are recorded at fair value, with changes recognized in the unaudited condensed interim consolidated statements of operations and comprehensive loss.

Marketable securities are composed of:

	As at September 30, 2022	As at June 30, 2022
GICs	\$ 3,427,000	\$ 4,714,600

4. INVESTMENTS

As at September 30, 2022	Number of Common Shares	Cost	Market Value Adjustment	Fair Value
Angus Gold Inc. ("Angus")	70,000	\$ 14,000	\$ 38,500	\$ 52,500

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. There were no transfers in or out of Levels 2 or 3 during the period ended September 30, 2022.

CANSTAR RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2022

5. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	Buchans- Mary March Properties	Golden Baie Property	Total
PROPERTY ACQUISITION COSTS			
Balance, June 30, 2021 and September 30, 2021	\$4,887,465	\$1,740,000	\$6,627,465
DEFERRED EXPLORATION COSTS			
Balance, June 30, 2021	2,774,707	1,164,063	3,938,770
Access	-	900	900
Equipment, rentals, camp, and general	694	123,948	124,642
Assaying	86	18,271	18,357
Drilling	87,750	534,925	622,675
Field supplies	-	11,378	11,378
Geological consulting	-	45,653	45,653
Labour and supervision	26,405	161,854	188,259
Travel	-	38,509	38,509
Balance, September 30, 2021	2,889,642	2,099,501	4,989,143
Total, September 30, 2021	\$7,777,107	\$3,839,501	\$11,616,608

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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5. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

	Golden Baie Property	Total
PROPERTY ACQUISITION COSTS		
Balance, June 30, 2022	\$2,732,500	\$2,732,500
Incurred during the period	63,510	63,510
Balance, September 30, 2022	2,796,010	2,796,010
DEFERRED EXPLORATION COSTS		
Balance, June 30, 2022	4,643,411	4,643,411
Equipment, rentals, camp, and general Access	101,999	101,999
Assaying	18,970	18,970
Drilling	243,765	243,765
Field supplies	357,672	357,672
Geological consulting	22,776	22,776
Labour and supervision	340,338	340,338
Travel	439,312	439,312
Balance, September 30, 2022	56,066	56,066
Balance, September 30, 2022	6,224,309	6,224,309
Total, September 30, 2022	\$9,020,319	\$9,020,319

CANSTAR RESOURCES INC.
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5. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION 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;
- 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 10.
- 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% 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.

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5. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES
(CONTINUED)

a) Golden Baie Property (continued)

On September 25, 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 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 year ended June 30, 2021, the Company put up a security bond to keep certain Golden Baie claims in good standing. Once the required expenditures have been achieved, the bond will be returned to the Company.

Pursuant to the option agreement dated November 18, 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 the 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, covering 100 hectares 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 Royalty"). The vendors transferred to the Company their beneficial interest in the Royalty, 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.

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

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5. INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES
(CONTINUED)

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 three map-staked licenses containing 77 claims.

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%) net smelter return royalty ("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.

A fourth map-staked license was staked and added to the Mary March Property portfolio in October 2018.

During the year ended June 30, 2022, an impairment of \$4,887,465 and \$2,846,420 respectively, on the property acquisition cost and deferred exploration cost was recorded as management had no exploration plans for the property.

(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, which has been written off for accounting purposes.

During the year ended June 30, 2022, Buchans-Mary March Properties were impaired. See Note 5(b)(i).

(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.

During the year ended June 30, 2022, Buchans-Mary March Properties were impaired. See Note 5(b)(i).

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6. EQUIPMENT

Cost	Office and field equipment
Balance, June 30, 2022	\$ 29,977
Additions	1,289
Balance, September 30, 2022	\$ 31,266
Accumulated Depreciation	Office and field equipment
Balance, June 30, 2022	\$ 11,755
Depreciation	980
Balance, September 30, 2022	\$ 12,735
Carrying Value	Office and field equipment
Balance, June 30, 2022	\$ 18,222
Balance, September 30, 2022	\$ 18,531

7. CAPITAL STOCK, OPTIONS AND WARRANTS

(a) Authorized

Unlimited number of common shares, without par value.

(b) Issued

109,253,672 common shares

Summary of changes in capital stock:

	Shares	Amount
Balance, June 30, 2021	86,393,450	\$ 24,839,707
Exercise of warrants (i)	2,922,558	788,862
Balance, September 30, 2021	89,316,008	\$ 25,628,569
Balance, June 30, 2022	109,003,672	\$ 30,151,913
Issuance of shares for property interest (ii)	250,000	30,000
Balance, September 30, 2022	109,253,672	\$ 30,181,913

(i) During the three months ended September 30, 2021, 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 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 5(a)).

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7. 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 and September 30, 2021	6,407,500	\$ 0.29
Balance, June 30, 2022 and September 30, 2022	8,500,000	\$ 0.28

The total value of share-based payments for the three months ended September 30, 2022 was \$99,780 (three months ended September 30, 2021 - \$190,818) and \$36,657 was capitalized to deferred exploration expenditures (three months ended September 30, 2021 - \$nil).

As at September 30, 2022, the following stock options were outstanding:

Number of Options	Exercisable Options	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
150,000	100,000	\$0.10	0.02	October 19, 2023
3,600,000	2,400,000	\$0.28	1.39	October 14, 2025
700,000	466,666	\$0.28	0.30	February 8, 2026
800,000	600,000	\$0.28	0.36	April 26, 2026
3,250,000	1,083,333	\$0.28	1.70	December 10, 2026
8,500,000	4,649,999	\$0.28	3.78	

(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
Exercised (Note 7(b)(i))	(2,922,558)	0.21
Balance, September 30, 2021	24,187,455	\$ 0.23
Balance, June 30, 2022	33,163,779	\$ 0.28
Expired	(3,912,630)	0.21
Balance, September 30, 2022	29,251,149	\$ 0.28

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(UNAUDITED)
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7. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(d) Share Purchase Warrants

As at September 30, 2022, the following warrants were outstanding.

Black-Scholes Valuation	Number of Warrants	Exercise Price	Expiry Date
\$ 458,193	6,950,542	\$0.21	October 1, 2022
10,477	90,000	\$0.1575 ⁽¹⁾	October 1, 2022
20,508	76,388	\$0.35	December 30, 2022
944,625	13,157,895	\$0.25	May 21, 2023
1,118,911	8,068,305	\$0.42	December 7, 2023
146,896	908,019	\$0.315	December 7, 2023
\$ 2,699,610	29,251,149	\$0.28	

⁽¹⁾ Each warrant is exercisable into one unit comprised of one common share and one common share purchase warrant at \$0.21 until October 1, 2022.
(See Note 10).

8. 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:

The remuneration of directors and key management during the periods ended September 30, 2022 and September 30, 2021 were as follows:

	Three Months Ended September 30,	
	2022	2021
Short-term benefits	\$ 45,000	\$ 22,500
Share-based payment	95,033	148,856
	\$ 140,033	\$ 171,356

During the three months ended September 30, 2022, \$45,000 (three months ended September 30, 2021 - \$22,500) was paid to key management and included in management fees.

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8. RELATED PARTY TRANSACTIONS (CONTINUED)

During the three months ended September 30, 2022, the Company incurred \$1,800 (three months ended September 30, 2021 - \$1,200) 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.

As at September 30, 2022, the directors and officers of the Company together control 3,885,077 common shares or approximately 3.6% 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 26% of the total common shares outstanding as at September 30, 2022 (June 30, 2022 - 27,863,339 common shares, or approximately 26% of the total common shares outstanding).

9. 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.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Supply chain disruption, in addition to the higher energy prices associated with the war in Ukraine, have resulted in inflationary pressure. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition in future periods. The Company is closely monitoring the business environment as a result to ensure minimal disruption to business operations.

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9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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) requirements for flow-through shares. The Company is committed to incur flow-through eligible expenditures of \$5,212,342 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2022 arising from flow-through offerings, of which approximately \$3,318,866 has been incurred to September 30, 2022 with a balance of \$1,893,476 to be spent.

10. SUBSEQUENT EVENTS

Subsequent to September 30, 2022, 6,950,542 warrants with an exercise price of \$0.21 and 90,000 warrants with an exercise price of \$0.1575 expired unexercised.

In October 2022, 1,000,000 shares were issued in accordance with the Golden Baie Agreement (Note 5(a)).