

# **GOLDSTAR MINERALS INC.**

**Condensed Consolidated Interim Financial Statements  
(Unaudited and not reviewed by the Company's  
independent auditors)**

**For the period ended  
March 31, 2014**

Goldstar Minerals Inc.  
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# GOLDSTAR MINERALS INC.

Condensed Consolidated Interim Statements of Financial Position  
(Unaudited)

	<b>March 31 2014 \$</b>	December 31 2013 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	<b>233,124</b>	580,741
Tax credits and other receivables (note 5)	<b>285,569</b>	335,637
Prepaid expenses	<b>7,400</b>	6,125
	<b>526,093</b>	922,503
<b>Non-current assets</b>		
Marketable securities (note 6)	<b>23,200</b>	35,280
Mining properties (note 7)	<b>127,849</b>	77,076
Exploration and evaluation assets (note 7)	<b>881,055</b>	569,445
	<b>1,032,104</b>	681,801
	<b>1,558,197</b>	1,604,304
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 8)	<b>393,397</b>	383,310
Liabilities related to flow-through shares (notes 9 & 11)	<b>95,796</b>	220,440
	<b>489,193</b>	603,750
<b>Shareholders' Equity</b>		
Share capital and warrants (note 9)	<b>8,796,080</b>	8,783,157
Contributed surplus	<b>394,162</b>	347,154
Deficit	<b>(8,121,238)</b>	(8,129,757)
	<b>1,069,004</b>	1,000,554
	<b>1,558,197</b>	1,604,304
Reporting entity and going concern (note 1)		
Commitments and contingencies (note 11)		
Subsequent event (note 15)		

See accompanying notes to consolidated financial statements.

# GOLDSTAR MINERALS INC.

Condensed Consolidated Interim Statements of Loss and Other Comprehensive Loss  
(Unaudited)

	For three months ended March 31 2014 \$	For three months ended March 31 2013 \$
<b>Expenses:</b>		
Professional, consulting, and management fees	39,761	67,440
General and administrative expenses	45,678	58,035
Share-based payments	47,008	-
Project evaluation expenses	-	18,718
	<b>132,447</b>	<b>144,193</b>
<b>Financial expense (income):</b>		
Change in fair value of marketable securities	(16,685)	-
Interest income	(312)	(282)
	<b>(16,997)</b>	<b>(282)</b>
Other income related to flow-through shares (note 10)	(124,644)	-
	<b>(9,194)</b>	<b>143,911</b>
<b>(Income) Loss and other comprehensive (income) loss for the period</b>	<b>(9,194)</b>	<b>143,911</b>
Net earning (loss) per share, basic and diluted (note 14)	<b>0.01</b>	(0.05)
Weighted average number of shares outstanding	<b>13,458,437</b>	2,910,986

See accompanying notes to consolidated financial statements.

# GOLDSTAR MINERALS INC.

Condensed Consolidated Interim Statements of Changes in Cash Flows  
(Unaudited)

	For three months ended March 31 2014 \$	For three months ended March 31 2013 \$
<b>Cash flows from operating activities</b>		
Income (Loss) and comprehensive income (loss) for the period	9,194	(143,911)
Items not involving cash:		
Share-based payments	47,008	-
Other income related to flow-through shares	(124,644)	-
Change in fair value of marketable securities	(16,685)	-
Interest income	(312)	(282)
Net change in non-cash operating working capital		
Change in tax credits and other receivables	(21,988)	(37,536)
Change in prepaid expenses	(1,275)	2,835
Change in accounts payable and accrued liabilities	10,087	72,224
Interest received	312	282
<b>Net cash used in operating activities</b>	<b>(98,303)</b>	<b>(106,388)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of marketable securities	28,765	-
Additions to mining properties and exploration and evaluation assets	(349,460)	(85,465)
Credit on mining duties and resource tax credits	72,056	-
<b>Net cash used in investing activities</b>	<b>(248,639)</b>	<b>(85,465)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	-	-
Share issue costs	(675)	-
<b>Net cash used in financing activities</b>	<b>(675)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(347,617)</b>	<b>(191,853)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>580,741</b>	<b>387,770</b>
<b>Cash and cash equivalents, end of period</b>	<b>233,124</b>	<b>195,917</b>
<b>Non-cash transactions:</b>		
Additions to mining properties financed with the issuance of shares	12,923	7,500

See accompanying notes to consolidated financial statements.

# GOLDSTAR MINERALS INC.

Condensed Consolidated Interim Statements of Changes in Equity  
(Unaudited)

	For three months ended March 31 2014 \$	For three months ended March 31 2013 \$
<b>Share capital and warrants</b>		
Balance beginning of year	8,783,157	8,103,257
Shares issued on property acquisition	12,923	7,500
Balance end of period	8,796,080	8,110,757
<b>Contributed surplus</b>		
Balance beginning of year	347,154	317,536
Share-based payments under the option plan	47,008	-
Balance end of period	394,162	317,536
<b>Deficit</b>		
Balance beginning of year	(8,129,757)	(7,667,889)
Income (loss) and other comprehensive income (loss) for the period	9,194	(143,911)
Share issue costs	(675)	-
Balance end of period	(8,121,238)	(7,811,800)
<b>Total shareholders' equity, end of period</b>	<b>1,069,004</b>	<b>616,493</b>

See accompanying notes to consolidated financial statements.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements  
Three months ended March 31, 2014 and 2013  
(Unaudited)

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## 1. Reporting entity and going concern:

Goldstar Minerals Inc. (the "Company" or "Goldstar") is a company domiciled in Canada and was incorporated on May 25, 2010 under the British Columbia *Business Corporations Act*. The address of the Company's registered office is 167 Church Street, Toronto, ON, M5B 1Y6.

On May 30, 2012, the Company acquired Auger Resources Ltd. ("Auger") (the "Acquisition") pursuant to a three-cornered amalgamation among the Company, Auger and 2310245 Ontario Inc. ("SubCo") (a wholly-owned subsidiary of the Company) whereby Auger amalgamated with SubCo. The Auger security holders received securities of the Company on a one-for-one basis in exchange for their Auger securities and Auger became a wholly-owned subsidiary of the Company. The shareholders of Auger became the controlling shareholders of Goldstar subsequent to completion of the acquisition. As a result, the financial statements are those of Auger up to the acquisition date, and present the combined activities of Auger and Goldstar subsequent to the completion of the acquisition.

The Company is involved in the exploration of mineral properties in the Province of Québec and the Province of New Brunswick. Although the Company has taken steps to verify title to mineral properties 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.

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. Operating activities have not yet generated any revenues. The ability of the Company to meet its commitments as they become due, including the acquisition of mineral properties and the development of projects, is dependent on its ability to obtain necessary financing. The recoverability of amounts shown for mining properties and exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in anything other than the ordinary course of operations.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2014 and 2013  
(Unaudited)

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## 2. Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), including IAS 34, *Interim Financial Reporting*. These unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended December 31, 2013.

## 3. Basis of preparation and significant accounting policies:

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The basis of preparation, including the use of estimates and judgments, and significant accounting policies are unchanged compared to the ones disclosed in the audited annual financial statements for the year ended December 31, 2013.

## 4. Cash and cash equivalents:

		March 31 2014	December 31 2013
Bank balances	\$	233,124	580,741

## 5. Tax credits and other receivables:

		March 31 2014	December 31 2013
Sales taxes	\$	123,468	101,480
Tax credits related to resources		141,133	213,189
Tax credits on mining duties		20,968	20,968
Tax credits and other receivables	\$	285,569	335,637

## 6. Marketable securities:

The following table shows the carrying amount of the financial assets which are at Level 1 in the fair value hierarchy.

		March 31 2014	December 31 2013
Amseco Exploration Ltd. – common shares	\$	23,200	\$ 35,280

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
 Three months ended March 31, 2014 and 2013  
 (Unaudited)

## 7. Mining properties and exploration and evaluation assets:

Mining properties and exploration and evaluation assets can be detailed as follows:

	Brockaby property Quebec	Julien property Quebec	Lake George property New Brunswick	Total
<b>Acquisition costs</b>				
Balance, December 31, 2013	30,481	46,595	-	77,076
Acquisition & property costs	-	-	50,773	50,773
Balance, March 31, 2014	30,481	46,595	50,773	127,849
<b>Exploration expenditures</b>				
Balance, December 31, 2013	237,808	331,637	-	569,445
Drilling	-	182,537	-	182,537
Mapping, Assaying, Surveying	-	8,678	-	8,678
Wages, consultant fees	38,190	58,952	-	97,142
Administration, field expenses	-	23,253	-	23,253
Mining and resource tax credits	-	-	-	-
Balance, March 31, 2014	275,998	605,057	-	881,055

	Brockaby property Quebec	Julien property Quebec	Total
<b>Acquisition costs</b>			
Balance, December 31, 2012	10,784	-	10,784
Acquisition & property costs	9,369	46,414	55,783
Balance, March 31, 2013	20,153	46,414	66,567
<b>Exploration expenditures</b>			
Balance, December 31, 2012	154,921	133,698	288,619
Mapping, Assaying, Surveying	3,375	31,154	34,529
Administration, field expenses	-	2,653	2,653
Balance, March 31, 2013	158,296	167,505	325,801

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2014 and 2013  
(Unaudited)

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## 7. Mining properties and exploration and evaluation assets (continued):

### (a) Brockaby Property:

The Brockaby Property is located roughly 75 km northeast of the town of Mont-Laurier, Québec. The Company owns a 100% interest in 315 claims totaling 18,475 hectares (185 km<sup>2</sup>).

On July 18, 2012, the Company entered into a purchase and sale agreement with Ressources Maxima Inc. ("Maxima") to acquire from Maxima its 100% interest in 70 claims covering approximately 4,100 hectares (41 km<sup>2</sup>), located in Mont-Laurier, Québec (the "Brockaby Property"). In consideration for this interest, Goldstar agreed to pay Maxima a cash payment in the amount of \$6,784 and issue 5,000 common shares of Goldstar. In the event that the Property attains commercial production, the Company shall pay Maxima an additional cash fee of \$500,000. This transaction was completed in December 2012. All share data presented reflects the impact of the share consolidation described in Note 9.

In addition, on October 30, 2012, the Company entered into a purchase and sale agreement with Sylvie Charbonneau ("Charbonneau") to acquire from Charbonneau its 100% interest in 80 claims covering approximately 4,700 hectares (47 km<sup>2</sup>), contiguous to the Brockaby Property. In consideration for this interest, Goldstar has agreed to pay Charbonneau a cash payment in the amount of \$8,480 and issue 5,000 common shares of Goldstar. In the event that the Property attains commercial production, the Company shall pay Charbonneau an additional cash fee of \$500,000. This transaction was completed in July 2013.

Also, the Company acquired, through staking, a 100% interest in 165 claims covering approximately 9,675 hectares (97 km<sup>2</sup>). These claims are contiguous to the Brockaby Property.

### (b) Julien Property:

The Julien Property is located roughly 100 km east of the town of Matagami, Québec. The Company owns 100% interest in 165 claims totaling 9,100 hectares (91 km<sup>2</sup>).

On February 19, 2013, the Company entered into a purchase and sale agreement with Sylvie Charbonneau ("Charbonneau") to acquire from Charbonneau its 100% interest in 114 claims covering approximately 6,300 hectares (63 km<sup>2</sup>), located in northern Quebec (the "Julien Property"). In consideration for this interest, Goldstar has agreed to pay Charbonneau a cash payment in the amount of \$12,084 and issue 12,500 common shares of Goldstar. In the event that the Property attains commercial production, the Company shall pay Charbonneau an additional cash fee of \$500,000.

Also, the Company acquired, through staking, a 100% interest in 101 claims covering approximately 5,600 hectares (56 km<sup>2</sup>). These claims are contiguous to the Julien Property.

Following results of exploration work done on the property, the Company has dropped 50 claims totalling 2,800 hectares (28 km<sup>2</sup>).

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2014 and 2013  
(Unaudited)

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## 7. Mining properties and exploration and evaluation assets (continued):

### (c) Lake George Property:

The Lake George property is located approximately 40 km west of Fredericton, New Brunswick, adjacent to the past producing Lake George antimony mine and is close to existing infrastructures. Access to the property is excellent all year-round.

On February 6, 2014, the Company entered into a Mineral option and sale agreement with Charles Morrissy ("Morrissy") with respect to 46 claims covering an area of 950 hectares (9.5 km<sup>2</sup>). Upon closing, Morrissy received a cash payment of \$25,000 as well as 100,000 common shares of Goldstar. Goldstar will pay Morrissy \$100,000 on each anniversary date of the closing up to the fifth anniversary to complete the acquisition of a 90% interest in the property. Goldstar can increase its interest to 95% by a further payment of \$1,000,000 and 100% by an additional payment of \$2,000,000. The Company has agreed to pay \$25,000 to Morrissy every year for a period of five years as an advance on the \$1,000,000 payment.

Furthermore, the Company also issued 29,230 common shares to geologist Luciano Vendittelli ("Vendittelli"), who acted as a finder in the transaction. A balance of 70,770 shares will be payable to Vendittelli on February 14, 2015 upon the Company making the first of five annual payments to Morrissy.

## 8. Accounts payable and accrued liabilities:

		March 31 2014		December 31 2013
Accounts payable	\$	309,355	\$	298,022
Accrued liabilities		84,042		85,288
Accounts payable and accrued liabilities	\$	393,397	\$	383,310

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2014 and 2013  
(Unaudited)

## 9. Share capital and warrants:

Authorized:

An unlimited number of common shares without par value

Shares fluctuated as follows during the period:

	March 31 2014		December 31 2013	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	13,442,150	8,783,157	2,909,650	8,103,257
Shares issued:				
For property acquisition	129,230	12,923	17,500	8,500
Private placement: cash	-	-	2,025,000	162,000
Private placement: flow-through	-	-	8,490,000	849,000
Liability related to flow-through shares	-	-	-	(339,600)
Balance, end of year	13,571,380	8,796,080	13,442,150	8,783,157

On February 13, 2014, the Company issued a total of 100,000 shares at \$0.10 per share for entering into a mineral option and sale agreement for the Lake George Property. Furthermore, the company also issued a total of 29,230 shares at \$0.10 per share as a finder's fee.

On February 20, 2013, the Company issued 12,500 common shares at \$0.60 per share for the acquisition of 100% interest in an additional 114 claims on the Julien Property.

On July 8, 2013, the Company issued 5,000 common shares at \$0.20 per share for the acquisition of 100% interest in an additional 80 claims on the Brockaby Property.

On August 30, 2013, the Company completed a twenty to one share consolidation. All references to share and per share amounts in the financial statements and accompanying notes to the financial statements have been retroactively restated to reflect the twenty to one share consolidation.

On October 30, 2013, the Company closed the first tranche of a private placement. The Company issued 1,525,000 common shares at a price of \$0.08 per share as well as 4,890,000 flow-through shares at a price of \$0.10 per share for total gross proceeds of \$611,000.

On December 19, 2013, the Company completed its private placement and closed the second tranche. The Company issued 500,000 common shares at a price of \$0.08 per share as well as 3,600,000 flow-through shares at a price of \$0.10 per share for total gross proceeds of \$400,000.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2014 and 2013  
(Unaudited)

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## 9. Share capital and warrants (continued):

The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of \$339,600 that was recorded when the flow-through shares were issued during the financing that occurred in October 2013 and December 2013. As at March 31, 2014, the balance of the liability related to these flow-through shares was \$95,796. An amount of \$124,644 has been recognized as other income related to flow-through shares in the statement of loss and other comprehensive loss during the period ended March 31, 2014, representing the portion of the liability related to the increase in the exploration and evaluation assets during the period in relation with the total flow-through shares financing.

The number of share purchase warrants outstanding fluctuated as follows during the period:

	March 31 2014	December 31 2013
Balance, beginning of year	6,900,900	20,000
Warrants issued:		
To shareholders regarding private placement	-	6,270,000
To brokers regarding private placement	-	630,900
Warrants expired	-	(20,000)
Balance, end period	6,900,900	6,900,900

As at March 31, 2014, the following share purchase warrants were outstanding:

- 3,970,000 warrants at \$0.12 per warrant and 384,900 at \$0.08 per warrant, expiring on October 30, 2015
- 2,300,000 warrants at \$0.12 per warrant and 246,000 at \$0.08 per warrant, expiring December 19, 2015

All options and warrants outstanding at the end of the year could potentially dilute basic earnings per share in the future.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2014 and 2013  
(Unaudited)

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## 10. Share option plan:

The Company has adopted a share option plan, the "Plan", to be administered by the Directors of the Company. Under the Plan, the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of share options to acquire up to 10% of the Company's issued and outstanding capital.

The Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of share options will increase as the Company's issued and outstanding share capital increases.

Options granted under the Plan will be for a term not exceeding 5 years. The Plan provides that, it is solely within the discretion of the Board to determine who should receive share options, in what amounts, and determine vesting terms. The exercise price for any share option shall not be lower than the market price of the underlying common shares, or at fair market value in the absence of a market price, at the time of grant.

The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option).

All share and per share data reflects the impact of the share consolidation described in Note 9.

On January 27, 2014, the Company granted 1,020,000 share options to directors, employees and service providers, exercisable at \$0.40 per share. It was determined that 25% of the options would vest at the date of the grant, with an additional 25% vesting every 6 months thereafter. The fair value of each option was determined using the Black-Scholes option pricing model. At the date of the grant, the weighted average fair value of share options granted was \$0.11 per option for a total value of \$115,032.

The number of share options outstanding fluctuated as follows during the period:

	March 31 2014		December 31 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	17,500	\$ 4.71	77,500	\$ 1.99
Granted	1,020,000	0.40	-	-
Expired	(12,500)	5.00	(60,000)	1.20
Balance, end of period	1,025,000	0.42	17,500	4.71
Exercisable options, end of period	260,000	\$ 0.47	17,500	\$ 4.71

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2014 and 2013  
(Unaudited)

## 10. Share option plan (continued):

The following weighted average assumptions were used calculating the fair value of the options:

	March 31, 2014	December 31, 2013
Risk-free interest rate	1.63%	-
Expected life	5 years	-
Expected volatility	188.28%	-
Expected dividend	0.00%	-

As at March 31, 2014 the following options were outstanding:

- 5,000 options at \$4 per share until December 2, 2015
- 1,020,000 options at \$0.40 per share until January 27, 2019

## 11. Commitments and contingencies:

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is committed to incur eligible exploration and evaluation expenses of \$849,000 by December 31, 2014, related to its flow-through share underwritings completed in 2013. As at March 31, 2014, the Company had incurred a cumulative amount of \$609,509 of eligible expenses.

## 12. Related party transactions:

### *Transactions with key management personnel*

The compensation of directors and executive officers of the Company comprises:

	March 31 2014	March 31 2013
Management and consulting fees	\$ 31,500	\$ 44,375
Share-based payments	31,108	-
Total	\$ 62,608	\$ 44,375

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 any directors (executive and non-executive) of the Company.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2014 and 2013  
(Unaudited)

## 12. Related party transactions (continued):

During the period, a director and officer of the Company received \$22,500 (2013 - \$22,500) for administrative services in the amount of \$11,250 (2013 - \$11,250), charged to professional, consulting, and management fees, and geological services in the amount of \$11,250 (2013 - \$11,250), capitalized in exploration and evaluation assets. As at March 31, 2014, the accounts payable include \$22,500 (2013 - \$nil) payable to this director and officer.

Professional, consulting and management fees include \$9,000 (2013 - \$nil) charged by a company for the services of the chief financial officer. As at March 31, 2014, the accounts payable include \$5,914 (2013 - \$nil) payable to this company.

### *Other related party transactions*

Throughout 2013, the Company shared office space and other technical service and consultants with other companies who may have similar officers or directors. The costs associated with this space and services were administered by 2227929 Ontario Inc. This company no longer provides services to the Company. During the period, other goods and services received from this company amounted to \$nil (2013 - \$27,516). As at March 31, 2014, the accounts payable and accrued liabilities include \$nil (2013 - \$2,091) owed to this company.

## 13. Income taxes:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.9% (2013 - 26.9%) as a result of the following:

	March 31 2014	March 31 2013
Income (Loss) and comprehensive income (loss)	\$ 9,194	\$ (143,911)
Computed "expected" tax expense (recovery)	2,473	(38,712)
Increase in income taxes resulting from:		
Permanent difference arising from the non taxable Income related to flow-through shares	(33,529)	-
Non-deductible share-based payments	12,645	-
Other	18,411	38,712
Total deferred income tax recovery	\$ -	\$ -
Reconciliation of change in applicable tax rate		
	2014	2013
Applicable tax rate for the previous period	26.90%	26.90%
Change in the applicable federal tax rate	- %	- %
Applicable tax rate for the current period	26.90%	26.90%

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2014 and 2013  
(Unaudited)

## 13. Income taxes (continued):

As at March 31, 2014, the Company has approximately \$2,769,000 of Canadian development and exploration expenditures, which under certain circumstances may be utilized to reduce the taxable income of future years. In addition, the Company has share issue costs of approximately \$126,196 which have not yet been deducted for income tax purposes. The Company also has \$1,402,000 in available non-capital losses for Canadian income tax purpose which may be carried forward to reduce taxable income in future years. These tax losses expire as follows:

2016	23,000
2028	46,000
2029	175,000
2030	359,000
2031	31,000
2032	147,000
2033	534,000
2034	87,000
Total	\$ 1,402,000

Temporary differences have not been recognized in respect of the following items:

	March 31 2014	December 31 2013
Marketable securities	\$ 71,000	\$ 76,000
Non-capital losses	1,402,000	1,315,000
Mining properties	1,223,000	1,223,000
Exploration and evaluation assets	900,000	900,000
Share issue costs	126,000	198,000
Capital losses	52,000	52,000
Unrecognized deferred tax assets	\$ 3,774,000	\$ 3,764,000

## 14. Earnings per share:

The warrants and share purchase options were excluded from the diluted weighted average number of common shares calculation since the Company is at a loss and, therefore, their effect would have been antidilutive.

## 15. Subsequent event:

On April 16, 2014, the Company closed its brokered private placement and issued a total of 600,000 units at a price of \$0.10 per unit for gross proceeds of \$60,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.15 until April 16, 2016. As consideration to the agent, 30,000 warrants were given at a price of \$0.10 until April 16, 2016.