

# **GOLDSTAR MINERALS INC.**

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

**For the period ended  
March 31, 2016**

Goldstar Minerals Inc.  
110 Place Cremazie, Suite 430  
Montreal (Quebec) H2P 1B9  
Tel.: (514) 228-3965 – Fax.: (514) 384-6399

# GOLDSTAR MINERALS INC.

Condensed Consolidated Interim Statements of Financial Position  
(Unaudited)

	March 31 2016 \$	December 31 2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	9,229	12,141
Tax credits and other receivables (note 5)	10,221	9,115
Prepaid expenses	5,714	3,917
	<b>25,164</b>	25,173
<b>Non-current assets</b>		
Mining properties (note 6)	84,930	84,930
Exploration and evaluation assets (note 6)	19,686	19,686
	<b>104,616</b>	104,616
	<b>129,780</b>	129,789
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	409,344	387,430
Due to key management personnel (note 11)	28,744	28,744
	<b>438,088</b>	416,174
<b>Shareholders' (deficiency) Equity</b>		
Share capital and warrants (note 8)	8,856,080	8,856,080
Contributed surplus	463,033	463,033
Deficit	(9,627,421)	(9,605,498)
	<b>(308,308)</b>	(286,385)
	<b>129,780</b>	129,789

Reporting entity and going concern (note 1)

Commitments and contingencies (note 10)

Subsequent events (note 14)

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	
	2016	2015
	\$	\$
<b>Expenses:</b>		
Professional, consulting, and management fees	-	6,000
General and administrative expenses	12,356	21,910
Share-based payments	-	6,794
	<b>12,356</b>	<b>34,704</b>
<b>Loss and other comprehensive loss for the period</b>	<b>12,356</b>	<b>34,704</b>
Net loss per share, basic and diluted (note 13)	(0.01)	(0.01)
Weighted average number of shares outstanding	14,171,380	14,171,380

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	
	2016	2015
	\$	\$
<b>Cash flows from operating activities</b>		
Loss and comprehensive loss for the period	(12,356)	(34,704)
Items not involving cash:		
Share-based payments	-	6,794
Net change in non-cash operating working capital		
Change in sales tax and other receivables	(1,106)	18,854
Change in prepaid expenses	(1,797)	(2,538)
Change in accounts payable and accrued liabilities	21,914	12,281
<b>Net cash from operating activities</b>	<b>6,655</b>	<b>687</b>
<b>Cash flows from investing activities</b>		
Additions to mining properties	-	(25,000)
Additions to exploration and evaluation assets	-	(15,110)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(40,110)</b>
<b>Cash flows from financing activities</b>		
Share issue expenses	(9,567)	-
<b>Net cash (used in) provided from financing activities</b>	<b>(9,567)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,912)</b>	<b>(39,423)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>12,141</b>	<b>80,109</b>
<b>Cash and cash equivalents, end of period</b>	<b>9,229</b>	<b>40,686</b>

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	
	2016	2015
	\$	\$
<b>Share capital and warrants</b>		
Balance beginning of year and end of period	<b>8,856,080</b>	8,856,080
<b>Contributed surplus</b>		
Balance beginning of year	<b>463,033</b>	450,023
Share-based payments under the option plan	-	6,794
Balance end of period	<b>463,033</b>	456,817
<b>Deficit</b>		
Balance beginning of year	<b>(9,605,498)</b>	(8,577,667)
Loss and comprehensive loss for the period	<b>(12,356)</b>	(34,704)
Share issue expense	<b>(9,567)</b>	-
Balance end of period	<b>(9,627,421)</b>	(8,612,371)
<b>Total shareholders' (deficiency) equity, end of period</b>	<b>(308,308)</b>	700,526

See accompanying notes to consolidated financial statements.

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Consolidated Interim Financial Statements  
Three months ended March 31, 2016 and 2015  
(Unaudited)

---

## **1. Reporting entity and going concern:**

Goldstar Minerals Inc. (the "Company" or "Goldstar") is a company domiciled in Canada and was continued under the Canada Business Corporations Act on September 4, 2014. The address of the Company's registered office is 110 Crémazie Boulevard West, Suite 430, Montréal, Québec.

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.

These 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. As at March 31, 2016, the condensed consolidated interim statement of financial position shows a negative working capital of \$412,924 and the deficiency in assets amounts to \$308,308. 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. If the Company is unable to obtain sufficient additional funding, this could lead to a delay, reduction or elimination of its exploration plans, which could adversely affect the business, its financial condition and its results.

Management believes that it will be able to secure additional financing in the future. In April and May 2016, the Company closed a non-brokered private placement (see note 15). However, this amount will not be sufficient for the Company to cover its budgeted general administrative expenses, meet its short-term obligations, and to complete its planned 2016 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2016. While the Company has been successful in securing financing, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future.

The conditions mentioned above 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 amounts 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, 2016 and 2015  
(Unaudited)

---

## 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, 2015.

## 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, 2015.

## 4. Cash and cash equivalents:

		March 31 2016	December 31 2015
Bank balances	\$	9,229	12,141

## 5. Tax credits and other receivables:

		March 31 2016	December 31 2015
Sales taxes receivable	\$	2,337	1,028
Tax credits related to resources		4,927	4,927
Tax credits on mining duties		2,213	2,213
Other		744	947
Tax credits and other receivables	\$	10,221	9,115

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
 Three months ended March 31, 2016 and 2015  
 (Unaudited)

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

Mining properties and exploration and evaluation assets are detailed as follows:

	Lake George property New Brunswick		
<b>Mining properties</b>			
Balance, December 31, 2015		84,930	
Balance, March 31, 2016		84,930	
<b>Exploration and evaluation assets</b>			
Balance, December 31, 2015		19,686	
Balance, March 31, 2016		19,686	

  

	Julien property Quebec	Lake George property New Brunswick	Total
<b>Mining properties</b>			
Balance, December 31, 2014	47,680	59,930	107,610
Acquisitions	-	25,000	25,000
Write off	(47,680)	-	(47,680)
Balance, December 31, 2015	-	84,930	84,930
<b>Exploration and evaluation assets</b>			
Balance, December 31, 2014	856,148	14,040	870,188
Wages, consultant fees	16,526	5,646	22,172
Administration, field expenses	1,072	-	1,072
Mining and resource tax credits	(16,021)	-	(16,021)
Write off	(857,725)	-	(857,725)
Balance, December 31, 2015	-	19,686	19,686

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2016 and 2015  
(Unaudited)

---

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

### **(a) 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. The Company acquired through staking, a 100% interest in 201 claims covering approximately 5,280 hectares (52.8 km<sup>2</sup>).

On February 6, 2014 (“the Closing date”), the Company entered into a Mineral option and sale agreement with Charles Morrissy (“Morrissy”) to acquire a 90% interest 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. The Company can increase its interest to 95% by a further payment of \$1,000,000 and 100% by an additional payment of \$2,000,000. As per the latest amendment, dated April 15, 2016, Goldstar will pay Morrissy \$50,000 on the earlier of i) 5 days following the date upon which Goldstar completes a financing of no less than \$250,000 (excluding the financing that took place in April and May 2016), and ii) September 14, 2016; and pay him an additional \$50,000 on or before February 14, 2017 and \$100,000 per year starting February 14, 2017 until February 14, 2021 to complete the acquisition of a 90% interest in the property. In 2014, the Company 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 upon the Company making the first of five annual payments of \$100,000 to Morrissy.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2016 and 2015  
(Unaudited)

## 7. Accounts payable and accrued liabilities:

		March 31 2016		December 31 2015
Accounts payable	\$	375,344	\$	353,631
Accrued liabilities		34,000		33,799
Accounts payable and accrued liabilities	\$	409,344	\$	387,430

## 8. Share capital and warrants:

Authorized:

An unlimited number of common shares without par value

Shares fluctuated as follows during the period:

	March 31 2016		December 31 2015	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	14,171,380	8,856,080	14,171,380	8,856,080
Balance, end of period	14,171,380	8,856,080	14,171,380	8,856,080

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

	March 31 2016	December 31 2015
Balance, beginning of year	630,000	7,530,900
Warrants cancelled	-	(625,000)
Warrants expired	-	(6,275,900)
Balance, end of period	630,000	630,000

As at March 31, 2016, the following share purchase warrants were outstanding:

- 600,000 warrants at \$0.15 per warrant and 30,000 at \$0.10 per warrant expiring April 16, 2016

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, 2016 and 2015  
(Unaudited)

## 9. 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.

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).

During the period, no options were granted under the plan.

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

	March 31 2016		December 31 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	1,020,000	\$ 0.40	1,025,000	\$ 0.42
Expired	-	-	(5,000)	4.00
Balance, end of period	1,020,000	0.40	1,020,000	0.40
Exercisable options, end of period	1,020,000	\$ 0.40	1,020,000	\$ 0.40

As at March 31, 2016 the following options were outstanding:

- 1,020,000 options at \$0.40 per share until January 27, 2019

## 10. 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.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2016 and 2015  
(Unaudited)

---

## 11. Related party transactions:

### *Transactions with key management personnel*

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

		March 31 2016		March 31 2015
Management and consulting fees	\$	4,500	\$	9,000
Share-based payments		-		4,496
Total	\$	4,500	\$	13,496

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.

As at March 31, 2016, the accounts payable includes \$1,868 (2015 - \$1,868) payable to a director and officer.

General and administrative expenses include \$4,500 (2015 - \$9,000) charged by a company for the services of the chief financial officer. As at March 31, 2016, the accounts payable includes \$8,623 (2015 - \$5,749) payable to this company.

On April 17, 2015, a director and officer loaned \$28,744 to the Company. This is a non interest-bearing loan that is repayable on demand. As at March 31, 2016, \$28,744 of this loan is still outstanding.

These transactions, made in the normal course of business, were measured at the exchange amount, which is the amount established and agreed to by the parties.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
 Three months ended March 31, 2016 and 2015  
 (Unaudited)

## 12. Income taxes:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.9% (2015 - 26.9%) as a result of the following:

	March 31 2016	March 31 2015
(Loss) income and comprehensive (loss) income	\$ (12,356)	\$ (34,704)
Computed "expected" tax expense (recovery)	(3,324)	(9,335)
Increase in income taxes resulting from:		
Non-deductible share-based payments	-	1,828
Current year losses not recognized	3,324	7,507
Total deferred income tax recovery	\$ -	\$ -

As at March 31, 2016, the Company has approximately \$2,860,000 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 \$49,000 which have not yet been deducted for income tax purposes. The Company also has \$1,922,000 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:

2028	46,000
2029	133,000
2030	324,000
2031	30,000
2032	204,000
2033	633,000
2034	348,000
2035	182,000
2036	22,000
Total	\$ 1,922,000

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

	March 31 2016	December 31 2015
Marketable securities	\$ 44,000	\$ 44,000
Non-capital losses	1,900,000	1,900,000
Mining properties and exploration and evaluation assets	2,860,000	2,860,000
Share issue costs	49,000	79,000
Capital losses	91,000	91,000
Unrecognized deferred tax assets	\$ 4,944,000	\$ 4,974,000

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2016 and 2015  
(Unaudited)

---

## **13. 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.

## **14. Subsequent Events:**

On April 11, 2016, the Company closed the first tranche of a non-brokered private placement financing. The Company issued a total of 3,450,000 flow-through units and a total of 3,218,000 non flow-through units at a price of \$0.02 per unit for gross proceeds of \$133,360. The Chief Executive Officer of the Company subscribed to 975,000 non flow-through units for a gross proceed of \$19,500.

Each flow-through unit consists of one flow-through common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one Class A common share at a price of \$0.05 until April 11, 2018.

Each non flow-through unit consists of one Class A common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one Class A common share at a price of \$0.05 until April 11, 2018.

On May 4, 2016, the Company completed a non-brokered private placement financing. The Company issued a total of 5,650,000 flow-through units and a total of 2,725,000 non flow-through units at a price of \$0.02 per unit for gross proceeds of \$167,500.

Each flow-through unit consists of one flow-through common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one Class A common share at a price of \$0.05 until May 4, 2018.

Each non flow-through unit consists of one Class A common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one Class A common share at a price of \$0.05 until May 4, 2018.