

# **GOLDSTAR MINERALS INC.**

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

**For the period ended  
March 31, 2017**

Goldstar Minerals Inc.  
1501 McGill College Avenue, Suite 2900  
Montréal (Québec) H3A 3M8  
Tel.: (514) 228-3965

# GOLDSTAR MINERALS INC.

Condensed Consolidated Interim Statements of Financial Position  
(Unaudited)

	March 31 2017 \$	December 31 2016 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	76,695	33,257
Tax credits and other receivables (note 5)	11,668	49,358
Prepaid expenses	5,714	3,179
	<b>94,077</b>	85,794
<b>Non-current assets</b>		
Mining properties (note 6)	311,610	138,970
Exploration and evaluation assets (note 6)	553,464	501,575
	<b>865,074</b>	640,545
	<b>959,151</b>	726,339
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	185,928	165,279
Due to key management personnel (note 11)	125,000	-
	<b>310,928</b>	165,279
<b>Shareholders' (deficiency) Equity</b>		
Share capital and warrants (note 8)	9,922,776	9,844,237
Contributed surplus	670,251	670,251
Deficit	(9,944,804)	(9,953,428)
	<b>648,223</b>	561,060
	<b>959,151</b>	726,339

Reporting entity and going concern (note 1)

Commitments and contingencies (note 10)

Subsequent event (note 14)

See accompanying notes to condensed consolidated interim financial statements.

# GOLDSTAR MINERALS INC.

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

	For three months ended	
	March 31	
	2017	2016
	\$	\$
<b>Expenses:</b>		
Professional, consulting, and management fees	4,500	-
General and administrative expenses	27,028	12,356
	<b>31,528</b>	12,356
<b>Financial expense (Income)</b>		
Gain on write off of accounts payable	(42,107)	-
Interest expense	1,062	-
	<b>(41,045)</b>	-
<b>(Income) loss and other comprehensive (income) loss for the period</b>	<b>(9,517)</b>	12,356
Net earnings (loss) per share, basic and diluted (note 13)	0.01	(0.01)
Weighted average number of shares outstanding	47,510,125	14,171,380

See accompanying notes to condensed consolidated interim financial statements.

# GOLDSTAR MINERALS INC.

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

	For three months ended March 31	
	2017	2016
	\$	\$
<b>Cash flows from operating activities</b>		
Income (loss) and comprehensive income (loss) for the period	9,517	(12,356)
Items not involving cash:		
Interest expense	1,062	-
Gain on write off of accounts payable	(42,107)	
Net change in non-cash operating working capital		
Change in sales tax and other receivables	20,190	(1,106)
Change in prepaid expenses	(2,535)	(1,797)
Change in accounts payable and accrued liabilities	61,694	21,914
Interest paid	-	-
<b>Net cash from operating activities</b>	<b>47,821</b>	<b>6,655</b>
<b>Cash flows from investing activities</b>		
Additions to mining properties	(94,101)	-
Additions to exploration and evaluation assets	(58,389)	-
Credit on mining duties and resource tax credits	24,000	-
<b>Net cash used in investing activities</b>	<b>(128,490)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Share issue expenses	(893)	(9,567)
Increase in due to key management personnel	125,000	-
<b>Net cash provided from (used in) financing activities</b>	<b>124,107</b>	<b>(9,567)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>43,438</b>	<b>(2,912)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>33,257</b>	<b>12,141</b>
<b>Cash and cash equivalents, end of period</b>	<b>76,695</b>	<b>9,229</b>
<b>Non-cash transactions :</b>		
Addition to mining properties by issuing shares	78,539	-

See accompanying notes to condensed consolidated interim financial statements.

# GOLDSTAR MINERALS INC.

Condensed Consolidated Interim Statements of Changes in Equity  
(Unaudited)

	For three months ended March 31	
	2017	2016
	\$	\$
<b>Share capital and warrants (note 8)</b>		
Balance beginning of year	9,844,237	8,856,080
Issue of common shares, property acquisition	78,539	-
Balance, end of period	9,922,776	8,856,080
<b>Contributed surplus</b>		
Balance, beginning of year and end of period	670,251	463,033
<b>Deficit</b>		
Balance beginning of year	(9,953,428)	(9,605,498)
Income (loss) and comprehensive income (loss) for the period	9,517	(12,356)
Share issue expenses	(893)	(9,567)
Balance, end of period	(9,944,804)	(9,627,421)
<b>Total shareholders' equity (deficiency), end of period</b>	<b>648,223</b>	<b>(308,308)</b>

See accompanying notes to condensed consolidated interim financial statements.

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Consolidated Interim Financial Statements  
Three months ended March 31, 2017 and 2016  
(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 1501 McGill College Avenue, Suite 2900, 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. The Company is still in the exploration stage and, as such, no revenue has yet been generated from its operating activities. As at March 31, 2017, the condensed consolidated interim statements of financial position shows a negative working capital of \$216,851. 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 financing in the future. However, as at March 31, 2017, since the Company has a negative working capital, the Company does not have sufficient financial resources to cover its budgeted general administrative expenses and to meet its short-term obligations for the next twelve months, and to complete its planned 2017 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2017. 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, 2017 and 2016  
(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, 2016.

## 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, 2016.

## 4. Cash and cash equivalents:

		March 31 2017	December 31 2016
Bank balances	\$	76,695	33,257

## 5. Tax credits and other receivables:

		March 31 2017	December 31 2016
Sales taxes receivable	\$	11,668	31,858
Government grant		-	17,500
Tax credits and other receivables	\$	11,668	49,358

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
 Three months ended March 31, 2017 and 2016  
 (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	Julien Property  Quebec	Assinica Greenstone property  Quebec	Total
<b>Mining properties</b>				
Balance, December 31, 2016	138,970	-	-	138,970
Acquisitions	80,029	7,499	85,112	172,640
Balance, March 31, 2017	218,999	7,499	85,112	311,610
<b>Exploration and evaluation assets</b>				
Balance, December 31, 2016	501,575	-	-	501,575
Diamond drilling	1,000	-	-	1,000
Geophysics	46,464	-	-	46,464
Compilation, surveying	2,401	-	-	2,401
Assays	6,153	-	-	6,153
Field expenses	2,371	-	-	2,371
Government grants	(6,500)	-	-	(6,500)
Balance, March 31, 2017	553,464	-	-	553,464

	Lake George property New Brunswick
<b>Mining properties</b>	
Balance, December 31, 2015	84,930
Acquisitions	54,040
Balance, December 31, 2016	138,970
<b>Exploration and evaluation assets</b>	
Balance, December 31, 2015	19,686
Diamond drilling	168,735
Geophysics	149,526
Compilation, surveying	94,905
Assays	62,291
Wages, consultant fees	5,851
Field expenses	40,581
Government grants	(40,000)
Balance, December 31, 2016	501,575

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2017 and 2016  
(Unaudited)

---

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

### **(a) Lake George Property:**

The Lake George Property consists of a total of 310 claims and is located approximately 40 km west of Fredericton, New Brunswick. The Property is adjacent to the past producing Lake George antimony mine and is close to existing infrastructure. Access to the Property is excellent all year round. The Property comprises a 100% interest in 264 claims covering approximately 5,900 hectares (59 km<sup>2</sup>) which were acquired by staking, and an option on 46 claims (the "Optioned Property") pursuant to the Option Agreement described below.

On February 6, 2014 the Company entered into a Mineral Option and Sale Agreement (Option Agreement) with Charles Morrissy ("Morrissy") to acquire a 90% interest in 46 claims covering an area of 950 hectares (9.5 km<sup>2</sup>). To date Morrissy has received a cash payment of \$100,000 and 1,600,000 shares of Goldstar. Under the Option Agreement, as amended, in order to complete the acquisition of a 90% interest in the Optioned Property, Goldstar will pay Morrissy \$75,000 on the earlier of (i) 5 days following the date upon which Goldstar completes a financing of no less than \$500,000, and (ii) September 14, 2017; and \$400,000 payable in four installments of \$100,000 on February 14 of each year until 2021.

Under the Option Agreement the Company can increase its interest in the Optioned Property to 95% by a further payment of \$1,000,000 upon Commercial Production, and to 100% by an additional payment of \$2,000,000 to be made 24 months following Commercial Production.

The Company has also issued 100,000 shares to Luciano Vendittelli, who acted as a finder in the transaction with Morrissy.

### **(b) Julien Property:**

The Julien Property is located approximately 100 km east of the town of Matagami, Québec. The Company owns 100% interest in 372 claims totaling 20,900 hectares (209 km<sup>2</sup>).

114 of these claims were acquired from Sylvie Charbonneau ("Charbonneau") through a purchase and sale agreement dated February 19, 2013. In the event that the property attains commercial production, the Company shall pay Charbonneau an additional cash fee of \$500,000.

### **(c) Assinica Greenstone Property:**

The Company has acquired, through staking, the Assinica Greenstone Belt Property, which consists of 1,248 claims totaling 68,640 hectares (686.40 km<sup>2</sup>). The Property is more than 100 km long and extends from east of Matagami to north of Chibougamau in the northern region of Abitibi, Québec.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2017 and 2016  
(Unaudited)

## 7. Accounts payable and accrued liabilities:

		March 31 2017		December 31 2016
Accounts payable	\$	159,401	\$	146,954
Accrued liabilities		26,527		18,325
Accounts payable and accrued liabilities	\$	185,928	\$	165,279

## 8. Share capital and warrants:

Authorized:

An unlimited number of common shares without par value

Shares fluctuated as follows during the period:

	March 31 2017		December 31 2016	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	47,213,424	9,844,237	14,171,380	8,856,080
Common shares related to property acquisition	1,570,770	78,539	-	-
Private placement-common shares	-	-	5,943,000	118,860
Rights offering-common shares	-	-	15,115,794	604,632
Private placement-flow-through shares	-	-	9,100,000	182,000
Common shares-finder's fee	-	-	533,250	10,665
Shares for settlement of debt	-	-	1,600,000	80,000
Exercise of warrants	-	-	750,000	37,500
Liability related to flow-through shares	-	-	-	(45,500)
Balance, end of period	48,784,194	9,922,776	47,213,424	9,844,237

On March 14, 2017, the Company issued 1,570,770 Class A Common Shares at a price of \$0.05 per share as an option payment regarding its Lake George Property as described in note 6(a).

On April 11, 2016, the Company completed a 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. At closing, the Company paid 10% of the gross proceeds as a finder's fee for certain subscribers introduced by the finder. 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.

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2017 and 2016  
(Unaudited)

---

## **8. Share capital and warrants (continued):**

On May 4, 2016, the Company completed a 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. At closing, the Company paid 10% of the gross proceeds as a finder's fee for certain subscribers introduced by the finder. Furthermore, at closing, the Company also issued, as a finder's fee, 533,250 common shares and 533,250 warrants exercisable at \$0.05 until May 4, 2018. The Company accounted for these compensation warrants by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of warrants granted was \$0.01 per warrant for a total value of \$5,333. 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.

The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of \$45,500 that was recorded when the flow-through shares were issued during the financings on April 11, 2016 and May 4, 2016.

On August 17, 2016, the Company completed a Rights offering. Upon closing of the Rights Offering, the Company issued 15,115,794 common shares of the Company for gross proceeds of \$604,632. Pursuant to the terms of the Rights Offering, each eligible holder of Common Shares was entitled to subscribe for one Common Share at a price of \$0.04 for each Common Share held by such holder.

On October 19, 2016, pursuant to an exercise of warrants, the Company issued 750,000 common shares at a price of \$0.05 per share for gross proceeds of \$37,500.

On December 22, 2016, the Company issued shares for debt settlement. The Company issued 1,600,000 common shares at a price of \$0.05 per share to extinguish \$80,000 in debt. The President of the Company was involved in the transaction and received 1,000,000 common shares.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2017 and 2016  
(Unaudited)

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

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

	March 31 2017	December 31 2016
Balance, beginning of year	10,276,250	630,000
Warrants issued :		
To shareholders regarding private placement	-	10,493,000
To brokers regarding private placement	-	533,250
Warrants exercised	-	(750,000)
Warrants expired	-	(630,000)
Balance, end of period	10,276,250	10,276,250

The following weighted average assumptions were used in calculating the fair value of the warrants issued to brokers regarding the private placement:

	March 31 2017	December 31 2016
Risk-free interest rate	-	0.58%
Expected life	-	2 years
Expected volatility	-	141.23%
Expected dividend	-	-
Share price	-	\$0.02
Exercise price	-	\$0.05

As at March 31, 2017, the following share purchase warrants were outstanding:

- 4,943,000 warrants at \$0.05 per warrant expiring April 11, 2018
- 5,333,250 warrants at \$0.05 per warrant expiring May 4, 2018

All options and warrants outstanding at the end of the period 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, 2017 and 2016  
(Unaudited)

---

## 9. Share option plan:

In September 2016, the Company adopted a new stock option plan (the "new plan"). This plan replaces and supersedes the Company's previous plan. The new plan is to be administered by the Directors of the Company. Under the new plan, the Company may grant to directors, officers, employees and service providers, options to purchase shares of the Company.

Options granted under the new plan will be for a term not exceeding five years. The new 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.

Under the new plan, the Company shall reserve for issuance under the plan a maximum number of 4,037,708 shares of its capital stock. All shares subject to options that have terminated without having been exercised shall be available for any subsequent options under the Plan.

The fair value of options is estimated at the date of the 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).

On September 27, 2016, the Company granted 4,037,708 share options to directors, officers, and service providers, exercisable at \$0.10 per share. These options vested at the date of the grant and will expire after a period of five years. At the date of the grant, the weighted average fair value of options granted was \$0.05 per option for a total value of \$201,885.

The following weighted average assumptions were used in these calculations:

	March 31, 2017	December 31, 2016
Risk-free interest rate	-	0.59%
Expected life	-	5 years
Expected volatility	-	199.427%
Expected dividend	-	-
Share price	-	\$0.05
Exercise price	-	\$0.10

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2017 and 2016  
(Unaudited)

## 9. Share option plan (continued):

The number of stock options outstanding under the Company's plan fluctuated as follows during the period:

	March 31 2017		December 31 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	4,037,708	\$ 0.10	1,020,000	\$ 0.40
Granted	-	-	4,037,708	0.10
Cancelled	-	-	(1,020,000)	0.40
Balance, end of period	4,037,708	0.10	4,037,708	0.10
Exercisable options, end of period	4,037,708	\$ 0.10	4,037,708	\$ 0.10

As at March 31, 2017, the following options were outstanding:

- 4,037,708 options at \$0.10 per share until September 26, 2021

## 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.

The Company was committed to incur eligible exploration and evaluation expenses of \$182,000 by December 31, 2017, related to its flow-through share financings completed in 2016. As at March 31, 2017, the Company had incurred \$182,000 of eligible expenses and has no more obligations in relation to this flow-through financing.

However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities could have negative tax consequences for investors or the Company. In such event, the Company will indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

# GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2017 and 2016  
(Unaudited)

## 11. Related party transactions:

### *Transactions with key management personnel*

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

	March 31 2017	March 31 2016
Management and consulting fees	\$ -	\$ 4,500
Provision for an officer of the Company	6,000	-
Share-based payments	-	-
<b>Total</b>	<b>\$ 6,000</b>	<b>\$ 4,500</b>

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, 2017, the accounts payable includes \$26,594 (2016 - \$1,868) payable to a director and officer.

General and administrative expenses include nil (2016 - \$4,500) charged by a company for the services of the chief financial officer. As at March 31, 2017, the accounts payable includes nil (2016 - nil) payable to this company.

On February 28, 2017, directors loaned \$125,000 to the Company. These loans bear interest at a rate of 10% per annum and are repayable on demand. As at March 31, 2017, interest accrued amounted to \$1,062 and \$125,000 of this loan was 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, 2017 and 2016  
(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% (2016 - 26.9%) as a result of the following:

	March 31 2017	March 31 2016
Income (loss) and comprehensive income (loss)	\$ 9,517	\$ (12,356)
Computed "expected" tax expense (recovery)	2,560	(3,324)
Increase in income taxes resulting from:		
Current year losses not recognized	-	3,324
Other	(2,560)	-
Total deferred income tax recovery	\$ -	\$ -

As at March 31, 2017, the Company has approximately \$3,441,987 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 \$61,000 which have not yet been deducted for income tax purposes. The Company also has \$2,187,000 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:

2029	133,000
2030	324,000
2031	30,000
2032	204,000
2033	633,000
2034	348,000
2035	182,000
2036	212,000
2037	121,000
Total	\$ 2,187,000

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

	March 31 2017	December 31 2016
Marketable securities	\$ 44,000	\$ 44,000
Non-capital losses	2,075,000	2,066,000
Mining properties and exploration and evaluation assets	2,554,000	2,626,000
Share issue costs	61,000	109,000
Capital losses	91,000	91,000
Unrecognized deferred tax assets	\$ 4,825,000	\$ 4,936,000

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Three months ended March 31, 2017 and 2016  
(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 Event:**

On April 14, 2017, the Company has entered into a Mineral option and sale agreement with Campfire Resources Ltd and Southfield Resources Ltd (the "Owners") with respect to the Victoria Lake Tin Property, consisting of 48 claims and covering an area of 1,200 hectares (12 km<sup>2</sup>). The Property is located within the Clarendon, Lepreau and Pennfield Parishes of Charlotte County in New Brunswick at approximately 50 km south of Fredericton. The agreement provides for the acquisition of an undivided interest of 100% in the Property by paying the Owners in the aggregate an amount of \$250,000 in cash payments over a five-year period, including \$20,000 at closing on or before July 15, 2017. Upon exercise of the Option, Goldstar shall grant to the Owners a net smelter return royalty ("NSR") of 2% from production derived from the Property of which royalties of 50% can be purchased back by Goldstar at any time by paying to the Owners the amount of \$1,000,000. Until the option is exercised, the Company shall solely fund any exploration expenditure on the Property. Closing is subject to the completion of the due diligence review and Board approval. The Company has proceeded with the staking of 315 additional claims, now totaling 363 claims. These new claims are 100% owned and represent approximately an additional 7,880 hectares (78.8 km<sup>2</sup>), thus enlarging the property size to 9,080 hectares (90.8 km<sup>2</sup>).