Consolidated Financial Statements of

GOLDSTAR MINERALS INC.

Years ended December 31, 2017 and 2016

GOLDSTAR MINERALS INC.
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Goldstar Minerals Inc.

We have audited the accompanying consolidated financial statements of Goldstar Minerals Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, the consolidated statements of loss and other comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Goldstar Minerals Inc. as at December 31, 2017 and December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Goldstar Minerals Inc. is still in exploration stage and, as such, no revenue has yet been generated from its operating activities, and its current liabilities exceed its current assets. Accordingly, Goldstar Minerals Inc. depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions, along with other matters as set forth in Note 1 in the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Goldstar Minerals Inc.'s ability to continue as a going concern.

KPMG LLP*

April 10, 2018

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A131681

GOLDSTAR MINERALS INC.

Consolidated Statements of Financial Position

As at December 31,

	2017 **$**	2016 $
Assets		
Current assets		
Cash and cash equivalents (note 5)	**14,503**	33,257
Tax credits and other receivables (note 6)	**10,663**	49,358
Prepaid expenses	**21,183**	3,179
	46,349	85,794
Non-current assets		
Mining properties (note 7)	**428,619**	138,970
Exploration and evaluation assets (note 7)	**852,219**	501,575
	1,280,838	640,545
	1,327,187	726,339
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	**206,293**	165,279
Due to related parties (note 15)	**75,000**	-
	281,293	165,279
Shareholders' Equity		
Share capital and warrants (note 9)	**10,522,433**	9,844,237
Contributed surplus	**767,751**	670,251
Deficit	**(10,244,290)**	(9,953,428)
	1,045,894	561,060
	1,327,187	726,339

Reporting entity and going concern (note 1)

Commitments and contingencies (note 11)

Subsequent events (note 18)

See accompanying notes to consolidated financial statements.

On Behalf of the Board:

(s) Benoit Moreau Director

(s) Stephen Butrenchuk Director

GOLDSTAR MINERALS INC.

Consolidated Statements of Loss and Other Comprehensive Loss

Years ended December 31,

	2017	2016
	$	$
Expenses:		
General and administrative expenses (note 14)	**276,156**	84,115
Professional and consulting fees	**59,160**	18,796
Share-based payments	**7,500**	201,885
	342,816	304,796
Financial expense (Income)		
Gain on write-off of accounts payable	**(97,217)**	(20,765)
Interest expense	**5,989**	10,002
	(91,228)	(10,763)
Other income related to flow-through shares	**-**	(45,500)
Other income related to mining tax credits on previously written-off properties	**-**	(1,095)
	-	(46,595)
Loss and comprehensive loss for the year	**251,588**	247,438
Net loss per share, basic and diluted (note 17)	**(0.01)**	(0.01)
Weighted average number of shares outstanding	**58,699,018**	30,490,720

See accompanying notes to consolidated financial statements.

GOLDSTAR MINERALS INC.

Consolidated Statements of Changes in Cash Flows

Years ended December 31,

	2017 $	2016 $
Cash flows used in operating activities		
Loss and comprehensive loss for the year	**(251,588)**	(247,438)
Items not involving cash:		
Interest expense	**5,989**	10,002
Gain on write-off of accounts payable	**(97,217)**	(20,765)
Share-based payments	**7,500**	201,885
Other income related to flow-through shares	**-**	(45,500)
Net change in non-cash operating working capital:		
Change in sales tax and other receivables	**21,195**	(29,883)
Change in prepaid expenses	**(18,004)**	738
Change in accounts payable and accrued liabilities	**137,286**	(150,130)
Interest paid	**(5,044)**	(10,002)
Net cash used in operating activities	**(199,883)**	(291,093)
Cash flows used in investing activities		
Additions to mining properties	**(211,110)**	(54,040)
Additions to exploration and evaluation assets	**(369,144)**	(521,889)
Credit on mining duties and resource tax credits and government grants	**36,000**	29,640
Net cash used in investing activities	**(544,254)**	(546,289)
Cash flows from financing activities		
Proceeds from issuance of shares	**689,657**	905,492
Exercise of warrants	**-**	37,500
Share issue expenses	**(39,274)**	(84,494)
Increase in due to related parties (note 15)	**215,000**	-
Decrease in due to related parties (note 15)	**(140,000)**	-
Net cash provided from financing activities	**725,383**	858,498
Net (decrease) increase in cash and cash equivalents	**(18,754)**	21,116
Cash and cash equivalents, beginning of year	**33,257**	12,141
Cash and cash equivalents, end of year	**14,503**	33,257
Non-cash transactions:		
Addition to mining properties by issuing shares	**78,539**	-
Compensation warrants included in share issue expenses	**-**	5,333
Compensation shares included in share issue expenses	**-**	10,665
Accounts payable paid in shares	**-**	51,256
Due to related parties paid in shares	**-**	28,744

See accompanying notes to consolidated financial statements.

GOLDSTAR MINERALS INC.

Consolidated Statements of Changes in Equity

Years ended December 31,

	2017	2016
	$	$
Share capital and warrants (note 9)		
Balance beginning of year	**9,844,237**	8,856,080
Issue of common shares, property interest	**78,539**	-
Issue of common shares, rights offering	**689,657**	604,632
Cancellation of escrowed shares	**(90,000)**	-
Issue of common shares, private placement	**-**	118,860
Issue of common shares for settlement of debt	**-**	80,000
Issue of flow-through shares, private placement	**-**	182,000
Issue of common shares as finder's fee	**-**	10,665
Exercise of warrants	**-**	37,500
Liability related to flow-through shares	**-**	(45,500)
Balance, end of year	**10,522,433**	9,844,237
Contributed surplus		
Balance, beginning of year	**670,251**	463,033
Cancellation of escrowed shares	**90,000**	-
Share-based payments under the option plan	**7,500**	201,885
Share-based payments with respect to finder's fee relating to equity financing	**-**	5,333
Balance, end of year	**767,751**	670,251
Deficit		
Balance, beginning of year	**(9,953,428)**	(9,605,498)
Loss and comprehensive loss for the year	**(251,588)**	(247,438)
Share issue expenses	**(39,274)**	(100,492)
Balance, end of year	**(10,244,290)**	(9,953,428)
Total shareholders' equity end of year	**1,045,894**	561,060

See accompanying notes to consolidated financial statements.

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 400 Henri-Bourassa East, Suite 200, Montréal, Québec.

The Company is involved in the exploration of mineral properties in the Provinces of Québec and 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 consolidated 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 December 31, 2017, the consolidated statements of financial position show a negative working capital of $234,944. 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 its business, its financial condition and its results.

Management believes that it will be able to secure financing in the future. However, as at December 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 2018 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2018. 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 consolidated 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.

2. Statement of compliance:

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

These consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on April 10, 2018.

3. Basis of preparation:

a) Basis of measurement and basis on consolidation:

The consolidated financial statements have been prepared on the historical cost basis except for share-based compensation transactions which are measured pursuant to IFRS 2 and for marketable securities which are measured at fair value through profit or loss.

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary, Auger Resources Ltd. Control exists when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entities returns. The subsidiary is consolidated from the date on which the Company obtains control until the date that such control ceases. The financial statements of the subsidiary are prepared with the same reporting period of the Company. All significant intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

(b) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(c) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in Note 4 and consists in the determination of capitalizable costs as exploration and evaluation assets as well as the recognition and measurement of refundable credits on mining duties and tax credits related to resources.

3. Basis of preparation (continued):

(c) Use of estimates and judgments (continued):

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 1 - going concern;
- Notes 4 and 6 – recognition and measurement of refundable credits on mining duties and tax credits related to resources;
- Notes 4 and 7 - recoverability of mining properties and exploration and evaluation assets.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

4. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Financial instruments:

Non-derivative financial assets and liabilities are initially recognized at fair value adjusted for any directly attributable transaction costs.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company classifies its cash and cash equivalents as loans and receivables.

Cash and cash equivalents are comprised of cash balances.

Financial assets at fair value through profit or loss

The Company classifies its marketable securities at fair value through profit or loss.

Non-derivative financial liabilities at amortized cost

The Company classifies its accounts payable and accrued liabilities and due to related parties as financial liabilities at amortized cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

4. Significant accounting policies (continued):

(b) Fair value measurement:

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

– Level 1: defined as observable inputs such as quoted prices (unadjusted) in active markets.

– Level 2: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.

– Level 3: defined as inputs that are based on little or no observable market data, therefore requiring the Company to develop its own assumptions.

(c) Mining properties and exploration and evaluation assets:

Mining properties corresponds to acquired interests in mining permits and claims which include the rights to explore for mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration activities on an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Mining properties and exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing mining properties and exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

(d) Impairment:

Financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

4. Significant accounting policies (continued):

(d) Impairment (continued):

Financial assets (continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have or will expire in the near future.
- No future substantive exploration expenditures are budgeted.
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued.
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present the value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4. Significant accounting policies (continued):

(d) Impairment (continued):

Non-financial assets (continued)

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

(e) Share capital:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as an increase to deficit, net of any tax effects.

Flow-through shares

The Canadian tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company may finance a portion of its exploration programs with flow-through shares.

At the time of share issuance, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as liabilities related to flow-through shares. The Company estimates the fair value of the obligation using the residual method, i.e. by comparing the price of the flow-through share to the quoted price of common share at the date of the financing.

The Company may renounce the deductions for tax purposes under either what is referred to as the "general" method or the look-back method.

When tax deductions are being renounced under the general method, and the Company has the expectation of renouncing and has capitalized the expenditures during the current year, then the entity records a deferred tax liability with the corresponding charge to income tax expense. The obligation is reduced, with a corresponding income recorded.

When tax deductions are being renounced under the look-back method, the Company records a deferred tax liability with a corresponding charge to income tax expense when expenditures are made and capitalized. At that time, the obligation would be reduced, with a corresponding income recorded.

Warrants

Warrants are classified as equity when they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

4. Significant accounting policies (continued):

(f) Share-based payments:

The grant date fair value of share-based payment awards granted to employees, directors, officers, and service providers is recognized as an expense, with a corresponding increase in contributed surplus, over the period that the employees, directors, officers, and service providers unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

(g) Finance income and finance costs:

Interest income and interest expense are recognized as they accrue, using the effective interest method.

Interest received and interest paid is classified under operating activities in the consolidated statements of cash flows.

(h) Refundable tax credit related to resources and refundable credit on mining duties:

The Company is eligible for a refundable resource tax credit on Canadian Exploration Expenditures, financed by treasury funds, other than flow-through shares financings, of up to 28% of the amount of eligible expenses incurred in the province of Québec. This credit is recorded as a government grant against mining properties and exploration and evaluation assets.

The Company is also entitled to a refundable tax credit on mining duties under the Québec *Mining Tax Act*. The accounting treatment for refundable credit on mining duties depends on management's intention to either go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*. At the same time a deferred tax liability and deferred tax expense is recognized because the exploration and evaluation assets lose their tax basis following the Company's election to claim the refundable credit. In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against exploration and evaluation assets.

4. Significant accounting policies (continued):

(h) Refundable tax credit related to resources and refundable credit on mining duties (continued):

Management's current intention is to sell its mining properties in the future, and, therefore, the credit on mining duties is recorded as a government grant against mining properties and exploration and evaluation assets. The Company records the credit at the rate of 16% applicable on 50% of the eligible expenses.

Credits related to resources and credits on mining duties recognized against exploration and evaluation expenditures are recorded when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits.

(i) Income tax:

Income tax expense comprises current and deferred taxes. Current income taxes and deferred income taxes are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized with regards to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. Significant accounting policies (continued):

(j) Earnings (loss) per share:

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and share options granted to directors and employees.

(k) Segment reporting:

The Company determined that it only has one operating segment, i.e. mining exploration.

(l) New standards and interpretations not yet adopted:

IFRS 9, *Financial Instruments*

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018, and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

4. Significant accounting policies (continued):

(l) New standards and interpretations not yet adopted (continued):

IFRS 9, *Financial Instruments* (continued)

Special transitional requirements have been set for the application of the new general hedging model.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. Management expects no significant impact resulting from the adoption of this new standard.

IFRS 15, *Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 15 will replace IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue - Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRS.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. Management expects no significant impact resulting from the adoption of this new standard as the Company is not yet in commercial production and does not generate revenue from operations.

IFRS 16, *Leases*

On January 13, 2016, the IASB issued IFRS 16, *Leases*. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, *Leases.*

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

4. Significant accounting policies (continued):

(l) New standards and interpretations not yet adopted (continued):

IFRS 16, *Leases* (continued)

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

5. Cash and cash equivalents:

		2017		2016
Bank balances	$	14,503	$	33,257

6. Tax credits and other receivables:

		2017		2016
Sales taxes receivable	$	8,182	$	31,858
Government grant		-		17,500
Other		2,481		-
Tax credits and other receivables	$	10,663	$	49,358

7. 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 Québec	Assinica Greenstone Property Québec	Victoria Lake Property New Brunswick	Total
	$	$	$	$	$
Mining properties					
Balance, December 31, 2016	138,970	-	-	-	138,970
Acquisitions	158,379	12,305	80,305	38,660	289,649
Balance, December 31, 2017	297,349	12,305	80,305	38,660	428,619
Exploration and evaluation assets					
Balance, December 31, 2016	501,575	-	-	-	501,575
Geophysics, line cutting	85,783	-	-	16,000	101,783
Trenching	19,435	-	-	-	19,435
Compilation, surveying	18,480	-	-	1,125	19,605
Assays	33,999	-	-	-	33,999
Salaries	133,053	-	158	913	134,124
Field expenses	59,767	-	-	431	60,198
Government grants	(6,500)	-	-	(12,000)	(18,500)
Balance, December 31, 2017	845,592	-	158	6,469	852,219

	Lake George Property New Brunswick
	$
Mining properties	
Balance, December 31, 2015	84,930
Acquisitions	54,040
Balance, December 31, 2016	138,970
Exploration and evaluation assets	
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

7. 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. The Property comprises a 100% interest in 264 claims covering approximately 5,792 hectares (57.92 km^2) 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 918 hectares (9.18 km^2). To date, Morrissy has received cash payments of $175,000 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 $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 157 claims totaling 8,681 hectares (86.81 km^2).

26 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:

In 2017, the Company has acquired, through staking, the Assinica Greenstone Belt Property for $80,305, which consists of 100% interest in 1,243 claims totaling 67,139 hectares (671.39 km^2). 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.

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

(d) Victoria Lake Property:

The Victoria Lake property consists of a total of 363 claims. The property comprises a 100% interest in 315 claims covering approximately 7,145 hectares (71.45 km^2) which were acquired by staking, and an option on 48 claims (the "Property") pursuant to the Option Agreement described below.

On April 14, 2017, the Company 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 1,089 hectares (10.89 km^2). 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 that was paid at closing on July 21, 2017. Upon exercise of the option, Goldstar shall grant the Owners a net smelter return royalty ("NSR") of 2% from production derived from the Property of which 50% of royalties 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.

8. Accounts payable and accrued liabilities:

		2017		2016
Accounts payable	$	112,501	$	146,954
Accrued liabilities		93,792		18,325
Accounts payable and accrued liabilities	$	206,293	$	165,279

9. Share capital and warrants:

Authorized:

An unlimited number of common shares without par value

Shares fluctuated as follows during the year:

	2017		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 interest	1,570,770	78,539	-	-
Private placement - common shares	-	-	5,943,000	118,860
Rights offering - common shares	22,988,571	689,657	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)
Cancellation of escrowed shares	(600,000)	(90,000)	-	-
Balance, end of year	71,172,765	10,522,433	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 7(a).

On June 19, 2017, 600,000 escrowed shares were cancelled. The weighted average price of these shares was $0.15 per share for a total of $90,000. This cancellation was accounted for in the Contributed Surplus. The transaction was of zero value.

On July 17, 2017, the Company completed a Rights offering. Upon closing of the Rights Offering, the Company issued 22,988,571 common shares of the Company for gross proceeds of $689,657. Pursuant to the terms of the Rights Offering, each eligible holder of three (3) Common Shares was entitled to two (2) Rights. Each right entitled the holder thereof to subscribe for one Common Share at a price of $0.03. The Company paid a commission of $1,730, representing 5% per common share subscribed, other than in respect of subscriptions by insiders of the Company, to members of the Investment Industry Regulatory Organization of Canada ("IIROC").

9. Share capital and warrants (continued):

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 consisted 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 consisted 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 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 consisted 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 consisted 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.

9. Share capital and warrants (continued):

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

	2017	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 year	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:

	2017	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 December 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 year could potentially dilute basic earnings per share in the future.

10. 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.

10. Share option plan (continued):

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 new 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 October 13, 2017, 250,000 options were cancelled.

On December 4, 2017, the Company granted 250,000 share options to employees, 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 $0.03 per option for a total value of $7,500.

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:

	2017	2016
Risk-free interest rate	1.70%	0.59%
Expected life	5 years	5 years
Expected volatility	178.91%	199.427%
Expected dividend	-	-
Share price	$0.035	$0.05
Exercise price	$0.10	$0.10

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

	2017		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	250,000	0.10	4,037,708	0.10
Cancelled	(250,000)	0.10	(1,020,000)	0.40
Balance, end of year	4,037,708	0.10	4,037,708	0.10
Exercisable options, end of year	4,037,708	$ 0.10	4,037,708	$ 0.10

10. Share option plan (continued):

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

- 3,787,708 options at $0.10 per share until September 26, 2021
- 250,000 options at $0.10 per share until December 3, 2022

11. Commitments and contingencies:

The Company has commitments under the terms of operating leases for its premises. Minimum lease payments are as follows:

	2017	2016
One year and less	$ 17,600	$ -

The lease contract is a standard industry contract. The lease for the premises is based on square footage.

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. This $182,000 of eligible expenses was incurred in 2016 and the Company 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.

12. Financial instruments and financial risk management:

Risk management

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

12. Financial instruments and financial risk management (continued):

Risk management (continued):

The Company’s main financial risk exposure and its financial risk management policies are as follows:

(a) Fair value:

Fair value estimates are made based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and cash equivalents, other receivables, accounts payable and accrued liabilities, and due to related parties on the consolidated statements of financial position approximate fair values because of the short-term nature of these instruments.

The Company holds marketable securities, which consist of 464,000 common shares of Amseco Exploration Ltd. These common shares have a fair value of nil as at December 31, 2017 and 2016.

As at December 31, 2017 and 2016, the Company’s financial instruments that are carried at fair value, consisting of marketable securities, have been classified as Level 1 within the fair value hierarchy.

(b) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash is maintained with high-credit, quality financial institutions.

(c) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company had a cash balance of $14,503 (2016 - $33,257) to settle current liabilities of $281,293 (2016 - $165,279). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

13. Capital disclosures:

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

13. Capital disclosures (continued):

The Company manages its capital structure and makes adjustments to it in accordance with the aforementioned objectives, as well as in light of changes in economic conditions and the risk characteristics of the underlying assets. In the management of capital, the Company includes the components of shareholders' equity. In order to maintain or adjust its capital structure, the Company may issue new shares and warrants, acquire or dispose of assets or adjust the amount of cash and cash equivalents and marketable securities. There is no dividend policy. The Company is not subject to externally imposed capital requirements. The Company's management of capital remained unchanged since the last year.

14. General and administrative expenses:

		2017		2016
Salaries	$	180,184	$	-
Investor and shareholder relations		45,610		30,442
Rent		8,800		-
Insurance		5,450		5,450
Taxes, licenses and fees		5,759		3,428
Miscellaneous		30,353		44,795
Total	$	276,156	$	84,115

15. Related party transactions:

Transactions with key management personnel

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

		2017		2016
Short-term employee benefits	$	209,693	$	-
Management and consulting fees		-		18,000
Share-based payments		-		157,327
Total	$	209,693	$	175,327

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.

15. Related party transactions (continued):

During the year, a law firm, in which a director of the Company is a partner, rendered legal and consulting services in the amount of $39,000 (2016 - nil), charged to professional and consulting fees, as well as with respect to financing in the amount of $25,000 (2016 - $28,773) charged to share issue expenses totaling an aggregate amount of $64,000 (2016 - $28,773). As at December 31, 2017, the accounts payable include $27,708 (2016 - nil) owed to this legal firm.

A Company, in which the Chief Financial Officer was an officer, charged Goldstar nil (2016 - $18,000) included in general and administrative expenses for the services of the Chief Financial Officer. As at December 31, 2017, the accounts payable includes nil (2016 - nil) payable to this company.

On February 28, 2017, directors loaned $125,000 to the Company. On July 5, 2017, a director loaned an additional $15,000 to the Company. These loans bore interest at a rate of 10% per annum and were repayable on demand. As at December 31, 2017, $140,000 was repaid plus interest totaling $5,044.

Management of the Company, including members of the board of directors, subscribed for approximately 74% of the shares issued under the offering of June 2017 (Note 9).

On November 16, 2017, a director loaned $75,000 to the Company. This loan bears interest at a rate of 10% per annum and is repayable on demand. As at December 31, 2017, interest accrued amounted to $945 and $75,000 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.

16. Income taxes:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.8% (2016 - 26.9%) as a result of the following:

		2017		2016
Loss and comprehensive loss	$	(251,588)	$	(247,438)
Computed "expected" tax recovery		(67,426)		(66,651)
Increase in income taxes resulting from:				
Non-deductible share-based payments		2,010		54,307
Current year losses not recognized and changes in unrecognized deferred income tax assets		52,494		(30,764)
Tax expense related to flow-through share deduction		–		48,958
Permanent difference arising from the non-taxable income related to flow-through shares		–		(12,240)
Changes in future tax rate		21,221		–
Other		(8,299)		6,390
Total deferred income tax recovery	$	–	$	–

The decrease in the combined federal and provincial statutory tax rate is due to a 0.1% decrease in the Québec income tax rate from 11.9% to 11.8%.

16. Income taxes (continued):

As at December 31, 2017, the Company has approximately $3,930,000 (2016 - $3,289,000) 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 $92,000 (2016 - $109,000) which have not yet been deducted for income tax purposes. The Company also has $2,253,000 (2016 - $1,957,000) 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	$	112,000
2030		324,000
2031		22,000
2032		147,000
2033		633,000
2034		317,000
2035		186,000
2036		216,000
2037		296,000
Total	$	2,253,000

Deferred tax assets have not been recognized in respect of the following items:

		2017		2016
Marketable securities	$	44,000	$	44,000
Non-capital losses		2,253,000		2,066,000
Mining properties and exploration and evaluation assets		2,649,000		2,626,000
Share issue costs		92,000		109,000
Capital losses		-		91,000
Unrecognized deferred tax assets	$	5 038 000	$	4,936,000

17. 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.

18. Subsequent events:

On January 8, February 2, March 5, and March 19, 2018, a holding company controlled by a director of the Company loaned the respective amounts of $125,000, $175,000, $15,000, and $15,000 to the Company. These loans bear interest at a rate of 10% per annum. The same director had advanced an additional amount of $75,000 on November 2017 as reflected in Note 15. The parties have agreed to settle the full amount of the principal outstanding under these loans ($405,000) by issuing common shares at $0.05 per share. The debt settlement transaction will take place concurrently with the closing of the Rights Offering described below.

On February 7, 2018, the Company has acquired, through staking, an additional 28 claims on its Victoria Lake property covering approximately 635.20 hectares (6.35 km^2) for $1,680. These claims are 100% owned by the Company.

On February 14, 2018, the Company paid $100,000 regarding an option payment on its Lake George property described in Note 7(a).

In March, 2018, the Company began the process of a Rights Offering. Pursuant to the terms of the Rights Offering, each eligible holder of two (2) common shares will be entitled to one (1) Right. Each Right entitles the holder thereof to subscribe for one Common Share of the Company at a price of $0.05.