

GOLDSTAR MINERALS INC.

Management's Discussion and Analysis

For the six months ended June 30, 2017

The following Management's Discussion and Analysis ("MD&A") was prepared as at August 24, 2017 and provides a discussion and analysis of the financial condition and results of operations for the period ended June 30, 2017. This discussion should be read in conjunction with the Company's second quarter 2017 unaudited condensed consolidated interim financial statements and accompanying notes, and the audited annual financial statements and accompanying notes for the year ended December 31, 2016 and the related annual MD&A. The Company's second quarter 2017 unaudited condensed consolidated interim financial statements and the accompanying notes have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described therein.

References to the first, second, third and fourth quarters refer to the three months ended March 31, June 30, September 30 and December 31 of the respective years.

Goldstar is listed on the TSX Venture Exchange and trades under the symbol "GDM".

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. The Company's public filings can be reviewed under the Company's profile on the SEDAR website (www.sedar.com).

Benoit Moreau P.Eng., President and CEO of Goldstar Minerals Inc., is a Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the scientific and technical disclosure in this MD&A.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The information presented contains "forward-looking information" under applicable Canadian legislation, concerning the business, operations and financial performance and condition of the Company. Forward-looking information include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources; the realization of mineral reserve estimates; the timing and amount of estimated future exploration; costs of exploration; metal prices and demand for materials; capital expenditures; success of exploration and development activities; permitting time lines and permitting, mining or processing issues; government regulation of mining operations; environmental risks; and title disputes or claims. Generally, forward-looking statements and forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, unexpected events during operations; variations in ore grade; risks inherent in the mining industry; delay or failure to receive board approvals; timing and availability of external financing on acceptable terms; risks relating to international operations; actual results of exploration activities; conclusions of economic valuations; changes in project parameters as plans continue to be refined; and fluctuating metal prices and currency exchange rates. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information that is incorporated by reference herein, except in accordance with applicable securities laws.

GOLDSTAR MINERALS INC.

Investors are advised that National Instrument 43-101 of the Canadian Securities Administrators requires that each category of mineral reserves and mineral resources be reported separately. Mineral resources that are not mineral reserves have not demonstrated economic viability.

THE COMPANY

Goldstar Minerals Inc. is a public Canadian natural resource development and exploration company. The Company is focused on developing deposits that contain gold and technology metals in leading mining jurisdictions in Canada. At present the Company is exploring the Lake George Property in New Brunswick, as outlined below.

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 km²) 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 km²). To date Morrissy has received a cash payment 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.

The property lies southeast of the Hackshaw Granite, a phase related to the Pokiok Batholith. A cupola of this granitic body has intruded into Silurian Age Kingslear Group metasedimentary rocks hosting the Lake George Antimony Deposit. Hydrothermal alteration has been observed from historical work and occurs along numerous northerly and easterly trending structures.

Exploration diamond drilling conducted during the late 1970's and early 1980's outlined a broad zone of tungsten bearing scheelite and molybdenite type mineralization located within an area located north of the Lake George mine site. The W-Mo mineralization is hosted within calc-silicate rocks and a network of cross-cutting quartz veinlets which appear to be associated with the presence of buried intrusions located approximately 800 m north, northwest and northeast of the Lake George mine site.

GOLDSTAR MINERALS INC.

The Company completed in May 2016 a 995 line-kilometres detailed geophysical airborne survey consisting of VLF, AFMAG and magnetic data. In addition, Goldstar recently completed in September 2016 a detailed 19.1 line-kilometres induced polarization (IP) survey and several kilometric size anomalies were outlined, confirming most areas of interest identified by the previous airborne survey.

During the 2016 exploration campaign, a total of 637 samples, 486 soil and 151 outcrop samples, were collected near and along IP lines and 613 were sent to the lab for assays. Soil sample locations along IP lines were corrected for ice movement and should accordingly represent the true position. This increase in the number of samples resulted from additional ground prospecting carried out as a result of the IP anomalies being of much larger size than expected. Moreover, the Company has discovered new outcrops that radically change the whole picture of buried intrusions, initially thought to be essentially uniform. Field evidence suggests that these intrusions range from granodiorite to a whitish muscovite granite.

The Company is focusing its efforts on prominent kilometric size structures, supported by geophysics, geochemical anomalies and field mapping. Accordingly, the Company has completed its first phase regional drilling program last December on its Lake George Property in New Brunswick by drilling 11 holes totaling 2,580 metres. In support of the drilling program on its Lake George property, Goldstar has signed agreements where required with all private landholders.

The drill program investigated structural targets based on IP, magnetic data and prospecting on a regional scale with the objective of defining new zones of mineralization. Two new gold-bearing structures and one tungsten zone were identified during the drilling program. In particular, based on new magnetic data acquired last May, combined with two gold-bearing intervals, namely in holes LG-16-02 and LG-16-05, Goldstar was able to define a new potential gold zone, the Coyote Zone, approximately 200 to 250 metres wide and extending over a distance of at least 4.5 kilometres. A second gold-bearing interval is in hole LG-16-06 which is approximately 500 metres to the southwest of the Coyote Zone.

Coyote Gold Zone

Near or within this newly-identified Coyote Zone, hole LG-16-02 ended with a gold-bearing intersection consisting of an enrichment margin roughly 15 metres wide with scattered gold values up to 0.21 g/t that leads to an interval grading 0.63 g/t Au (and 0.073% WO₃) over 4.5 m. Hole LG-16-02 was drilled from a hematite breccia outcrop oriented 110-115°. This gold-bearing interval is either within or very close to (possibly less than 25 metres to the southwest) the major NW-SE interpreted Coyote Zone that runs through a series of lowlands and wetlands for at least 4.5 kilometres and trends also 110-115°.

Also, at the end of hole LG-16-05, another enrichment margin similar to hole LG-16-02 was identified, consisting of a roughly 15 m wide interval with scattered gold values of more than 0.1 g/t Au, before it was stopped in an intense potassic alteration environment. This hole, LG-16-05, is close to the Coyote Zone, possibly less than 50 metres to the southwest. A drill road to hole LG-16-08 transects the presumed trace of the Coyote zone and, should thus constitute a prime target for trenching.

Area of Hole LG-16-06

The second identified gold-bearing interval returned 1.1 g/t Au over 1.0 metre immediately after the casing of hole LG-16-06, followed by 135 metres of an intensively faulted barren zone, still open at depth. The whole area of hole LG-16-06 can be trenched easily and would allow Goldstar to quickly understand and potentially expand in width and strike this potential near surface gold-bearing zone. Moreover, the possible

GOLDSTAR MINERALS INC.

western contact between the fault zone and inferred metasediments can provide an important additional target for trenching.

This table below summarizes the best gold-bearing intervals:

Hole number	From – To:	Interval	Gold assays (g/t)
LG-16-02	255.5 – 260.0 m	4.5 m	0.63
LG-16-06	4.5 – 5.5 m	1.0 m	1.1

Waterloo Lake Fault zone also new potential target

In addition, as previously reported (please see press release dated January 25, 2017), a 50 m X 50 m gold-bearing outcrop zone, grading roughly 1.0 g/t Au was discovered near the Waterloo Lake fault area. This zone is also near the major Coyote Zone, possibly 100 metres to the southwest, and would be easily trenched in summer of 2017.

Tungsten zone

Goldstar has also discovered a new tungsten mineralized zone from the 2016 fall drill program, on its Lake George Property in New Brunswick. The new discovery returned an intersection of 245 metres grading 0.102% WO₃ from drill hole LG-16-03. This includes an intersection of 55.5 metres grading 0.146% WO₃, an intersection of 84 metres grading 0.140% WO₃, which includes an intersection of 16.5 metres grading 0.452% WO₃. The new discovery is located almost immediately west of historical hole #81-26 in an area of the property that has largely been untested for tungsten.

Table 1 – Tungsten zone

Hole Number	Station	Azimuth	Dip	From (metres)	To (metres)	Interval* (metres)	Tungsten (%WO ₃)	Zone
LG-16-03	15+00E	270°	-50°	159	404	245	0.102	New and #81-26
including				176	231.5	55.5	0.146	New and #81-26
including				320	404	84	0.140	New
including				380	396.5	16.5	0.452	New

** Reported drill intersections are not true widths. At this time there is insufficient data with respect to the mineralization to evaluate true orientations in space. This mineralization is not necessarily representative of the mineralization hosted on the property.*

Drill hole LG-16-03 targeted the extension of historical hole #81-26 where 139 metres grading 0.15% WO₃ was reported (non 43-101 compliant) from 109.5 to 248.5 metres. Drill hole LG-16-03 was drilled 40 metres

GOLDSTAR MINERALS INC.

west of hole #81-26 at the same 270° azimuth. The intersection between 176 to 231.5 metres represents an extended intercept from previous historical drilling and a new intersection, from 320 to 404 metres, was discovered.

Recent surface prospecting identified tungsten mineralization in the vicinity of drill hole LG-16-03. This mineralization consists of centimetric vertical scheelite bearing quartz veins, orthogonal and oriented consistently North-South (“NS”) and East-West (“EW”). This same tungsten mineralization, comprising a vertical stockwork of scheelite bearing quartz veins within a rock matrix showing some similarities to skarns, seems to increase at depth and is definitely more continuous in the intersection from 320 to 404 metres of drill hole LG-16-03.

In addition, magnetic and induced polarization data that were gathered in 2016 suggest that there is an important north-west (“NW”) structure at least 1.1 kilometres long, approximately 75 to 125 metres west of the end of drill hole LG-16-03, when projected to the surface. This NW structure could possibly be the source of the tungsten mineralization and will certainly be investigated soon next summer by trenching and channel sampling. The Company believes that the vertical stockwork of scheelite bearing quartz veins will be recognized at surface either in new outcrops or new trenching areas, supporting an even more continuous mineralization.

In March 2017, Goldstar completed an additional IP survey on its Lake George property of approximately 20 line-kilometres north and south of Line 2000 and 130 line-kilometres of detailed ground magnetic survey at stations every 12.5 metres on 2016 and 2017 IP grids. These new IP and magnetic data, combined with recent 2016 diamond drilling information, are providing very accurate positioning of prominent structures, and enhanced target definition with the addition of the conductive – resistive component for every anomaly. The Company intends to trench intensively the areas of known mineralization in July, August and September 2017, prior to undertaking a second phase diamond drilling program later in the fall of 2017.

OVERVIEW AND OUTLOOK

On July 5, 2017, a director loaned \$15,000 to the Company. This loan bears interest at a rate of 10% per annum and is repayable on demand.

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. There was no stand-by commitment for the Offering nor did the Company retain any person to organize or participate in the solicitation of the exercise of rights under the Offering. However, the Company will pay to members of the Investment Industry Regulatory Organization of Canada (IIROC) through whom common shares were subscribed under the Offering a fee of 5% per common share subscribed, other than in respect of subscriptions by insiders of the Company.

On July 21, 2017, the Company paid \$75,000 regarding an option payment related to its Lake George property and paid \$20,000 regarding an option payment related to its Victoria Lake property.

On July 23, 2017, the Company repaid loans to directors in the amount of \$140,000 plus interest totaling \$5,044.

GOLDSTAR MINERALS INC.

SUMMARY OF QUARTERLY RESULTS

	Net Loss (income)	Basic and diluted loss (earnings) per share
June 30, 2017	70,234	(0.01)
March 31, 2017	(9,517)	(0.01)
December 31, 2016	27,007	0.01
September 30, 2016	211,077	0.01
June 30, 2016	(3,002)	(0.01)
March 31, 2016	12,356	0.01
December 31, 2015	929,041	0.07
September 30, 2015	16,723	0.01

LIQUIDITY AND CAPITAL RESOURCES

The Company finances its operations mainly through sale of its shares. As described under the overview and outlook section, the Company has completed a Rights Offering whereby it issued 22,988,571 common shares for gross proceeds of \$689,657. There was no stand-by commitment for the Offering nor did the Company retain any person to organize or participate in the solicitation of the exercise of rights under the Offering. However, the Company will pay to members of the Investment Industry Regulatory Organization of Canada (IIROC) through whom common shares were subscribed under the Offering a fee of 5% per common share subscribed, other than in respect of subscriptions by insiders of the Company.

Management believes that it will be able to secure additional financing in the future. However, as at June 30, 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.

As at June 30, 2017, the Company had cash and cash equivalents of \$7,133 compared to \$33,257 as at December 31, 2016. There was a working capital deficiency as at June 30, 2017 of (\$351,393) compared to a deficiency of (\$79,485) at December 31, 2016.

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 June 30, 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.

RESULTS OF OPERATIONS

For the period ended June 30, 2017 compared to the period ended June 30, 2016:

The Company recorded a loss of \$60,717 or \$0.01 loss per share for the period ended June 30, 2017, compared to a loss of \$9,354 or \$0.01 loss per share for the corresponding period in the previous year. There were no revenues for the period ended June 30, 2017 and the corresponding period in the previous year. Expenses for the period amounted to \$105,756 compared to \$37,759 for the corresponding period in the previous year.

The increase of expenses originates from general and administrative expenses as well as professional, consulting, and management fees of \$67,997.

During the period, Goldstar spent \$261,378 (2016 - \$115,900), before tax credits and government grants, on mining properties and exploration and evaluation assets. Mining properties includes \$78,539 (2016 – nil), which was a non-cash transaction related to an issuance of shares. The table below details the nature of expenditures.

	Lake George property New Brunswick	Julien Property Quebec	Assinica Greenstone property Quebec	Victoria Lake Property New Brunswick	Total
Mining properties					
Balance, December 31, 2016	138,970	-	-		138,970
Acquisitions	83,079	7,499	85,112	17,400	193,090
Balance, June 30, 2017	222,049	7,499	85,112	17,400	332,060
Exploration and evaluation assets					
Balance, December 31, 2016	501,575	-	-	-	501,575
Diamond drilling	1,000	-	-	-	1,000
Geophysics, line cutting	52,833	-	-	-	52,833
Compilation, surveying	3,027	-	-	-	3,027
Assays	8,143	-	-	-	8,143
Field expenses	3,285	-	-	-	3,285
Government grants	(6,500)	-	-	-	(6,500)
Balance, June 30, 2017	563,363	-	-	-	563,363

	Lake George property New Brunswick
Mining properties	
Balance, December 31, 2015	84,930
Acquisitions	2,280
Balance, June 30, 2016	87,210
Exploration and evaluation assets	
Balance, December 31, 2015	19,686
Geophysics, compilation, surveying	113,620
Balance, June 30, 2016	133,306

GOLDSTAR MINERALS INC.

CASH FLOWS

Cash flows from (used in) operating activities was \$42,567 during the period ended June 30, 2017 compared to (\$67,060) during the same period of 2016.

Cash used in investing activities was (\$158,839) during the period ended June 30, 2017 compared to (\$115,900) spent during the same period of 2016.

Cash flows from financing activities was \$90,148 during the period ended June 30, 2017 compared to \$229,433 during the same period of 2016.

TRANSACTIONS WITH RELATED PARTIES

Transactions with key management personnel

David Crevier, a director of the Company is a partner of Colby Monet L.L.P., a law firm which has rendered legal services to the Company in an amount of \$40,000 for the period ended June 30, 2017.

As at June 30, 2017, the accounts payable includes \$35,639 (2016 – \$1,868) payable to Benoit Moreau, a director and an officer.

During the period ended June 30, 2017, general and administrative expenses include nil (2016 - \$9,000) charged by a company for the services of the Chief Financial Officer, Ercan Ugur.

On February 28, 2017, David Crevier and François Perron loaned to the Company a total of \$125,000. These loans bear interest at a rate of 10% per annum and are repayable on demand. On July 5, 2017, David Crevier loaned an additional \$15,000. This loan bears interest at a rate of 10% per annum and is repayable on demand. On July 23, 2017, the Company repaid the full \$140,000 plus interest of \$5,044.

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.

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.

OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of Class A common shares of which 71,772,765 were issued and outstanding as at August 24, 2017. As of such date, the Company also had outstanding options to purchase a total of 4,037,708 shares at \$0.10 per share and warrants to purchase a total of 10,276,250 shares at \$0.05 per share.

GOLDSTAR MINERALS INC.

CAPITAL MANAGEMENT

The capital of the Company consists of its share capital, options and warrants. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather, relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in properties with sufficient geologic or economic potential if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. There were no changes in the Company's approach to capital management during April 1st to June 30th, 2017 and 2016. The Company is not subject to externally imposed capital requirements.

CRITICAL ACCOUNTING ESTIMATES

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

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

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

- Going concern;
- Recoverability of mining properties and exploration and evaluation assets;
- Assessment of refundable credit on mining duties and tax credits related to resources;
- Recoverability of income tax assets;
- Estimation of the fair value of the liability related to flow through shares;

GOLDSTAR MINERALS INC.

FUTURE ACCOUNTING STANDARDS

The following new standards have been issued but are not yet applicable to the Company:

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 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.

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. The extent of the impact of adoption of the standard has not yet been determined.

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. The extent of the impact of adoption of the standard has not yet been

GOLDSTAR MINERALS INC.

determined but 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.

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.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and the Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2017. Based on that evaluation, the officers have concluded that as at that date, such disclosure controls and procedures contain a material weakness due to inadequate segregation of duties between the authorization, recording, review and reconciliation of purchases and sales and recording of cash receipts and bank account reconciliations. This material weakness has the potential to result in a material misstatement in the Company's financial statements, and should also be considered a material weakness in its internal control over financial reporting. The management and board of directors have concluded and agreed that, taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer of the Company have designed, or have caused to be designed under their supervision, internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's internal control over financial reporting as at June 30, 2017. Based on that evaluation, the officers have concluded that as at that date, such internal control over financial reporting contains a material weakness due to inadequate segregation of duties as previously mentioned in "Disclosure controls and procedures." The management and board of directors have concluded and agreed

GOLDSTAR MINERALS INC.

that, taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time.

There has been no change in the Company's internal control over financial reporting that occurred during the period beginning on April 1st, 2017 and ended June 30th, 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at June 30, 2017 and December 31, 2016 were as follows:

June 30, 2017	Loans and receivables	Other financial liabilities	Total
Cash	7,133		7,133
Amounts receivable	9,800		9,800
Accounts payable and accrued liabilities		371,378	371,378

December 31, 2016	Loans and receivables	Other financial liabilities	Total
Cash	33,257		33,257
Amounts receivable	49,358		49,358
Accounts payable and accrued liabilities		165,279	165,279

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

Fair Value

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.

At June 30, 2017 and December 31, 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.

GOLDSTAR MINERALS INC.

FINANCIAL RISK FACTORS

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.

The Company's main 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 judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and cash equivalents, tax credit and other receivables accounts payable and accrued liabilities on the statement of financial position approximate fair values because of the limited term of these instruments.

As at June 30, 2017 and December 31, 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 June 30, 2017, the Company had a cash balance of \$7,133 (December 31, 2016 - \$33,257) to settle current liabilities of \$371,378 (December 31, 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.

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 June 30, 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.

GOLDSTAR MINERALS INC.

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.

OFF BALANCE SHEET ITEMS

The Company does not have any off balance sheet items.

August 24, 2017