

GOLDSTAR MINERALS INC.

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

**For the period ended
March 31, 2018**

Goldstar Minerals Inc.
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GOLDSTAR MINERALS INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

	March 31 2018 \$	December 31 2017 \$
Assets		
Current assets		
Cash and cash equivalents (note 4)	9,756	14,503
Tax credits and other receivables (note 5)	16,952	10,663
Prepaid expenses	8,969	21,183
	35,677	46,349
Non-current assets		
Mining properties (note 6)	530,679	428,619
Exploration and evaluation assets (note 6)	984,485	852,219
	1,515,164	1,280,838
	1,550,841	1,327,187
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (note 7)	244,190	206,293
Due to related parties (note 12)	405,000	75,000
	649,190	281,293
Shareholders' Equity		
Share capital and warrants (note 8)	10,522,433	10,522,433
Contributed surplus	767,751	767,751
Deficit	(10,388,533)	(10,244,290)
	901,651	1,045,894
	1,550,841	1,327,187

Reporting entity and going concern (note 1)

Commitments and contingencies (note 10)

Subsequent event (note 15)

See accompanying notes to condensed consolidated interim financial statements.

GOLDSTAR MINERALS INC.

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

	For three months ended March 31	
	2018	2017
	\$	\$
Expenses:		
General and administrative expenses (note 11)	118,788	27,028
Professional and consulting fees	16,800	4,500
	135,588	31,528
Financial expense (Income)		
Gain on write-off of accounts payable	-	(42,107)
Interest expense	7,685	1,062
	7,685	(41,045)
Loss (income) and other comprehensive loss (income) for the period	143,273	(9,517)
Net (loss) earnings per share, basic and diluted (note 14)	(0.01)	0.01
Weighted average number of shares outstanding	71,172,765	47,510,125

See accompanying notes to condensed consolidated interim financial statements.

GOLDSTAR MINERALS INC.

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

	For three months ended March 31	
	2018	2017
	\$	\$
Cash flows from operating activities		
(Loss) income and comprehensive (loss) income for the period	(143,273)	9,517
Items not involving cash:		
Interest expense	7,685	1,062
Gain on write-off of accounts payable	-	(42,107)
Net change in non-cash operating working capital:		
Change in sales tax and other receivables	(6,289)	20,190
Change in prepaid expenses	12,214	(2,535)
Change in accounts payable and accrued liabilities	30,212	61,694
Net cash (used in) from operating activities	(99,451)	47,821
Cash flows from investing activities		
Additions to mining properties	(102,060)	(94,101)
Additions to exploration and evaluation assets	(132,266)	(58,389)
Credit on mining duties and resource tax credits and government grants	-	24,000
Net cash used in investing activities	(234,326)	(128,490)
Cash flows from financing activities		
Share issue expenses	(970)	(893)
Increase in due to related parties (note 12)	330,000	125,000
Net cash provided from financing activities	329,030	124,107
Net (decrease) increase in cash and cash equivalents	(4,747)	43,438
Cash and cash equivalents, beginning of year	14,503	33,257
Cash and cash equivalents, end of period	9,756	76,695
Non-cash transactions :		
Addition to mining properties by issuing shares	-	78,539

See accompanying notes to condensed consolidated interim financial statements.

GOLDSTAR MINERALS INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)

	For three months ended March 31	
	2018	2017
	\$	\$
Share capital and warrants (note 8)		
Balance, beginning of year	10,522,433	9,844,237
Issue of common shares, property interest	-	78,539
Balance, end of period	10,522,433	9,922,776
Contributed surplus		
Balance, beginning of year and end of period	767,751	670,251
Deficit		
Balance, beginning of year	(10,244,290)	(9,953,428)
(Loss) income and comprehensive (loss) income for the period	(143,273)	9,517
Share issue expenses	(970)	(893)
Balance, end of period	(10,388,533)	(9,944,804)
Total shareholders' equity end of period	901,651	648,223

See accompanying notes to condensed consolidated interim financial statements.

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements
Three months ended March 31, 2018 and 2017
(Unaudited)

1. Reporting entity and going concern:

Goldstar Minerals Inc. (the "Company" or "Goldstar") is a company domiciled in Canada and was continued under the Canada Business Corporations Act on September 4, 2014. The address of the Company's registered office is 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 condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The Company is still in the exploration stage and, as such, no revenue has yet been generated from its operating activities. As at March 31, 2018, the condensed consolidated interim statements of financial position show a negative working capital of \$613,513. 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 March 31, 2018, 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 condensed consolidated interim financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in anything other than the ordinary course of operations.

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Three months ended March 31, 2018 and 2017
(Unaudited)

2. Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), including IAS 34, *Interim Financial Reporting*. These unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended December 31, 2017.

3. Basis of preparation and significant accounting policies:

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The basis of preparation, including the use of estimates and judgments, and significant accounting policies are unchanged compared to the ones disclosed in the audited annual financial statements for the year ended December 31, 2017, except for the following:

New accounting standards adopted:

The following standards have been applied in preparing the unaudited condensed consolidated interim financial statements as at March 31, 2018 and did not have a significant impact on the financial statements.

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.

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Three months ended March 31, 2018 and 2017
(Unaudited)

3. Basis of preparation and significant accounting policies (continued):

IFRS 9, *Financial Instruments* (continued)

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

The Company has adopted 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 has adopted 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.

4. Cash and cash equivalents:

	March 31 2018	December 31 2017
Bank balances	\$ 9,756	\$ 14,503

5. Tax credits and other receivables:

	March 31 2018	December 31 2017
Sales taxes receivable	\$ 16,952	\$ 8,182
Other	-	2,481
Tax credits and other receivables	\$ 16,952	\$ 10,663

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
 Three months ended March 31, 2018 and 2017
 (Unaudited)

6. Mining properties and exploration and evaluation assets:

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

	Lake George Property New Brunswick	Julien Property Québec	Assinica Greenstone Property Québec	Victoria Lake Property New Brunswick	Total
	\$	\$	\$	\$	\$
Mining properties					
Balance, December 31, 2017	297,349	12,305	80,305	38,660	428,619
Acquisitions	100,380	-	-	1,680	102,060
Balance, March 31, 2018	397,729	12,305	80,305	40,340	530,679
Exploration and evaluation assets					
Balance, December 31, 2017	845,592	-	158	6,469	852,219
Geophysics, line cutting	46,237	-	-	16,000	62,237
Assays	4,380	-	-	-	4,380
Salaries	60,731	-	340	2,041	63,112
Field expenses	2,537	-	-	-	2,537
Balance, March 31, 2018	959,477	-	498	24,510	984,485
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

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Notes to Condensed Consolidated Interim Financial Statements, Continued
Three months ended March 31, 2018 and 2017
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6. Mining properties and exploration and evaluation assets (continued):

(a) Lake George Property:

The Lake George Property consists of a total of 310 claims and is located approximately 40 km west of Fredericton, New Brunswick. The Property is adjacent to the past producing Lake George antimony mine and is close to existing infrastructure. The Property comprises a 100% interest in 264 claims covering approximately 5,792 hectares (57.92 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 918 hectares (9.18 km²). To date, Morrissy has received cash payments of \$275,000 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 \$300,000 payable in three 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 km²).

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 km²). The Property is more than 100 km long and extends from east of Matagami to north of Chibougamau in the northern region of Abitibi, Québec.

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Three months ended March 31, 2018 and 2017
(Unaudited)

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

(d) Victoria Lake Property:

The Victoria Lake property consists of a total of 391 claims. The property comprises a 100% interest in 343 claims covering approximately 7,780 hectares (77.80 km²) 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 km²). 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 to 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.

7. Accounts payable and accrued liabilities:

		March 31		December 31
		2018		2017
Accounts payable	\$	193,581	\$	112,501
Accrued liabilities		50,609		93,792
Accounts payable and accrued liabilities	\$	244,190	\$	206,293

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Three months ended March 31, 2018 and 2017
(Unaudited)

8. Share capital and warrants:

Authorized:

An unlimited number of common shares without par value

Shares fluctuated as follows during the period:

	March 31 2018		December 31 2017	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	71,172,765	10,522,433	47,213,424	9,844,237
Common shares related to property interest	-	-	1,570,770	78,539
Rights offering - common shares	-	-	22,988,571	689,657
Cancellation of escrowed shares	-	-	(600,000)	(90,000)
Balance, end of period	71,172,765	10,522,433	71,172,765	10,522,433

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

On 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").

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Three months ended March 31, 2018 and 2017
(Unaudited)

8. Share capital and warrants (continued):

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

	March 31	December 31
	2018	2017
Balance, beginning of year and end of period	10,276,250	10,276,250

As at March 31, 2018, the following share purchase warrants were outstanding:

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

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

Subsequent to the end of the period, 10,276,250 warrants, exercisable at \$0.05 per warrant, have expired.

9. Share option plan:

As at March 31, 2018, 4,037,708 Class A common shares were reserved for future issuances under the share option plan for the benefit of the directors, officers, employees, and service providers of the Company. All shares subject to options that have terminated without having been exercised shall be available for any subsequent options under the plan.

Options granted under the plan will be for a term not exceeding five years. The plan provides that it is solely within the discretion of the Board to determine who should receive share options, in what amounts, and determine vesting terms.

The 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).

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
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(Unaudited)

9. Share option plan (continued):

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.

The following weighted average assumptions were used in these calculations:

	March 31, 2018	December 31, 2017
Risk-free interest rate	-	1.70%
Expected life	-	5 years
Expected volatility	-	178.91%
Expected dividend	-	-
Share price	-	\$0.035
Exercise price	-	\$0.10

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

	March 31 2018		December 31 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	4,037,708	\$ 0.10	4,037,708	\$ 0.10
Granted	-	-	250,000	0.10
Cancelled	-	-	(250,000)	0.10
Balance, end of period	4,037,708	0.10	4,037,708	0.10
Exercisable options, end of period	4,037,708	\$ 0.10	4,037,708	\$ 0.10

As at March 31, 2018, 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

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
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10. Commitments and contingencies:

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

	March 31	December 31
	2018	2017
One year and less	\$ 11,000	\$ 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.

11. General and administrative expenses:

	For three months ended	
	March 31	
	2018	2017
	\$	\$
Salaries	66,243	-
Investor and shareholder relations	35,540	8,144
Rent	6,600	-
Insurance	2,028	1,363
Taxes, licenses, and fees	2,860	225
Miscellaneous	5,517	17,296
Total	118,788	27,028

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
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12. Related party transactions:

Transactions with key management personnel

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

	March 31 2018	March 31 2017
Short-term employee benefits	\$ 74,769	\$ -
Provision for an officer of the Company	-	6,000
Share-based payments	-	-
Total	\$ 74,769	\$ 6,000

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.

During the period, a law firm, in which a director of the Company is a partner, rendered legal and consulting services in the amount of \$12,000 (2017 - nil), charged to professional and consulting fees, as well as with respect to financing in the amount of nil (2017 - nil) charged to share issue expenses totaling an aggregate amount of \$12,000 (2017 - nil). As at March 31, 2018, the accounts payable include \$43,999 (2017 - nil) owed to this legal firm.

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. 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 in Note 15. As at March 31, 2018, interest accrued amounted to \$7,685.

On February 28, 2017, directors loaned \$125,000 to the Company. These loans bore interest at a rate of 10% per annum and were repayable on demand. As at March 31, 2017, interest accrued amounted to \$1,062 and \$125,000 was still outstanding.

Management of the Company, including members of the board of directors, subscribed for approximately 74% of the shares issued under the offering of July 2017 (Note 8).

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

GOLDSTAR MINERALS INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
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13. Income taxes:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.7% (2017 - 26.9%) as a result of the following:

	March 31 2018	March 31 2017
(Loss) income and comprehensive (loss) income	\$ (143,273)	\$ 9,517
Computed "expected" tax (recovery) expense	(38,254)	2,560
Increase in income taxes resulting from:		
Current year losses not recognized and changes in unrecognized deferred income tax assets	(140,948)	-
Changes in future tax rate	15,223	-
Other	163,979	(2,560)
Total deferred income tax recovery	\$ -	\$ -

The decrease in the combined federal and provincial statutory tax rate is due to a 0.2% decrease in the Québec income tax rate from 11.9% to 11.7%.

As at March 31, 2018, the Company has approximately \$3,523,785 (2017 - \$3,441,987) of Canadian development and exploration expenditures, which under certain circumstances may be utilized to reduce the taxable income of future years. In addition, the Company has share issue costs of approximately \$59,000 (2017 - \$61,000) which have not yet been deducted for income tax purposes. The Company also has \$2,404,000 (2017 - \$2,187,000) in available non-capital losses for Canadian income tax purpose which may be carried forward to reduce taxable income in future years. These tax losses expire as follows:

2029	\$	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
2038		151,000
Total	\$	2,404,000

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

	March 31 2018	December 31 2017
Marketable securities	\$ 44,000	\$ 44,000
Non-capital losses	2,404,000	2,253,000
Mining properties and exploration and evaluation assets	2,009,000	2,649,000
Share issue costs	59,000	92,000
Unrecognized deferred tax assets	\$ 4,516,000	\$ 5,038,000

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14. Earnings per share:

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

15. Subsequent event:

On April 2, April 10, and April 25 2018, an officer of the Company loaned the respective amounts of \$23,000, \$70,000, and \$20,000 to the Company. These loans bear interest at a rate of 10% per annum and are repayable on demand.

On May 8, 2018, the Company completed a Rights Offering. Upon closing of the Rights Offering, the Company issued 14,006,548 common shares of the Company for gross proceeds of \$700,327. Pursuant to the terms of the Rights Offering, each eligible holder of two (2) common shares was entitled to one (1) right. Each right entitled the holder thereof to subscribe for one common share at a price of \$0.05.

On May 8, 2018, concurrently with the closing of the Rights Offering, the Company issued 8,100,000 common shares at a price of \$0.05 per share to a director of the Company in settlement of outstanding loans totaling \$405,000.

The Company has adopted a new Rolling 10% Stock Option Plan (the "New Plan") for the benefit of the directors, officers, employees, and service providers of the Company. The New Plan replaces the Company's existing "Fixed Number" plan. The maximum number of common shares which may be issued under the New Plan is 10% of the Company's issued and outstanding share capital at the date of grant. The Plan has a "rolling" limit, as the number of shares reserved for issuance pursuant to the grant of stock options will automatically increase as the Company's issued and outstanding share capital increases. The limit includes outstanding stock options previously granted. All options that were issued under the Company's "Fixed Number" plan will still be valid. All shares subject to options that have terminated without having been exercised shall be available for any subsequent options under the plan. Options granted under the 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. The New Plan is subject to regulatory and shareholder approval.

On May 17, 2018, the Company granted 5,287,292 stock options to directors, officers, employees and service providers. These options are subject to regulatory and shareholder approval.