

# **GOLDSTAR MINERALS INC.**

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

**For the period ended  
June 30, 2018**

Goldstar Minerals Inc.  
400 Henri-Bourassa East, Suite 200  
Montréal (Québec) H3L 1C4  
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**GOLDSTAR MINERALS INC.**  
Condensed Interim Statements of Financial Position  
(Unaudited)

	<b>June 30 2018 \$</b>	December 31 2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	251,170	14,503
Tax credits and other receivables (note 5)	27,945	10,663
Marketable securities (note 6)	4,640	-
Prepaid expenses	8,535	21,183
	<b>292,290</b>	46,349
<b>Non-current assets</b>		
Mining properties (note 7)	536,268	428,619
Exploration and evaluation assets (note 7)	1,210,349	852,219
	<b>1,746,617</b>	1,280,838
	<b>2,038,907</b>	1,327,187
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 8)	223,929	206,293
Due to related parties (note 13)	-	75,000
	<b>223,929</b>	281,293
<b>Shareholders' Equity</b>		
Share capital and warrants (note 9)	11,627,760	10,522,433
Contributed surplus	979,243	767,751
Deficit	(10,792,025)	(10,244,290)
	<b>1,814,978</b>	1,045,894
	<b>2,038,907</b>	1,327,187

Reporting entity and going concern (note 1)

Commitments and contingencies (note 11)

Subsequent event (note 16)

See accompanying notes to condensed interim financial statements.

# GOLDSTAR MINERALS INC.

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

	For three months ended June 30		For six months ended June 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Expenses:</b>				
General and administrative expenses (note 12)	117,974	44,216	236,762	71,244
Professional and consulting fees	19,061	30,012	35,861	34,512
Share-based payments	211,492	-	211,492	-
	<b>348,527</b>	74,228	<b>484,115</b>	105,756
<b>Financial expense (Income)</b>				
Gain on write-off of accounts payable	-	(7,110)	-	(49,217)
Change in fair value of marketable securities	(4,640)	-	(4,640)	-
Interest expense	5,083	3,116	12,768	4,178
	<b>443</b>	(3,994)	<b>8,128</b>	(45,039)
Impairment of mining properties	3,981	-	3,981	-
<b>Loss and other comprehensive loss for the period</b>	<b>352,951</b>	70,234	<b>496,224</b>	60,717
Net loss per share, basic and diluted (note 15)	(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding	80,404,071	48,784,194	86,770,163	48,155,886

See accompanying notes to condensed interim financial statements.

# GOLDSTAR MINERALS INC.

Condensed Interim Statements of Changes in Cash Flows  
(Unaudited)

	For six months ended June 30	
	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Loss and comprehensive loss for the period	(496,224)	(60,717)
Items not involving cash:		
Share-based payments	211,492	-
Impairment of mining properties	3,981	-
Change in fair value of marketable securities	(4,640)	-
Interest expense	12,768	4,178
Gain on write-off of accounts payable	-	(49,217)
Net change in non-cash operating working capital:		
Change in sales tax and other receivables	(17,282)	22,058
Change in prepaid expenses	12,648	127
Change in accounts payable and accrued liabilities	18,139	126,138
Interest paid	(13,271)	-
<b>Net cash (used in) from operating activities</b>	<b>(272,389)</b>	<b>42,567</b>
<b>Cash flows from investing activities</b>		
Additions to mining properties	(111,630)	(114,551)
Additions to exploration and evaluation assets	(363,149)	(68,288)
Credit on mining duties and resource tax credits and government grants	5,019	24,000
<b>Net cash used in investing activities</b>	<b>(469,760)</b>	<b>(158,839)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	700,327	-
Share issue expenses	(51,511)	(34,852)
Increase in due to related parties (note 13)	443,000	125,000
Decrease in due to related parties (note 13)	(113,000)	-
<b>Net cash provided from financing activities</b>	<b>978,816</b>	<b>90,148</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>236,667</b>	<b>(26,124)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>14,503</b>	<b>33,257</b>
<b>Cash and cash equivalents, end of period</b>	<b>251,170</b>	<b>7,133</b>
<b>Non-cash transactions :</b>		
Addition to mining properties by issuing shares	-	78,539
Due to related parties paid in shares	405,000	-

See accompanying notes to condensed interim financial statements.

# GOLDSTAR MINERALS INC.

Condensed Interim Statements of Changes in Equity  
(Unaudited)

	For six months ended June 30	
	2018	2017
	\$	\$
<b>Share capital and warrants (note 9)</b>		
Balance, beginning of year	10,522,433	9,844,237
Issue of common shares, property interest	-	78,539
Issue of common shares, rights offering	700,327	-
Issue of common shares for settlement of debt	405,000	-
Balance, end of period	11,627,760	9,922,776
<b>Contributed surplus</b>		
Balance, beginning of year	767,751	670,251
Share-based payments under the option plan	211,492	-
Balance, end of period	979,243	670,251
<b>Deficit</b>		
Balance, beginning of year	(10,244,290)	(9,953,428)
Loss and comprehensive loss for the period	(496,224)	(60,717)
Share issue expenses	(51,511)	(34,852)
Balance, end of period	(10,792,025)	(10,048,997)
<b>Total shareholders' equity end of period</b>	<b>1,814,978</b>	<b>544,030</b>

See accompanying notes to condensed interim financial statements.

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Interim Financial Statements  
Six months ended June 30, 2018 and 2017  
(Unaudited)

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## **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 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 June 30, 2018, the condensed interim statements of financial position show a working capital of \$68,361. 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 June 30, 2018, 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 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 Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

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## 2. Statement of compliance:

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), including IAS 34, *Interim Financial Reporting*. These unaudited condensed 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 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:

Basis of consolidation:

The Company's wholly owned subsidiary, Auger Resources Ltd. has been dissolved effective May 18, 2018. As a result, the subsidiary is no longer consolidated.

New accounting standards adopted:

The following standards have been applied in preparing the unaudited condensed interim financial statements as at June 30, 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 Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

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### 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 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:

	June 30 2018	December 31 2017
Bank balances	\$ 251,170	\$ 14,503

### 5. Tax credits and other receivables:

	June 30 2018	December 31 2017
Sales taxes receivable	\$ 27,945	\$ 8,182
Other	-	2,481
Tax credits and other receivables	\$ 27,945	\$ 10,663

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

## 6. Marketable Securities:

The following table shows the carrying amount of the financial assets which are at Level 1 in the fair value hierarchy.

		June 30 2018		December 31 2017
Amseco Exploration Ltd. – common shares	\$	4,640	\$	-

The Company holds 464,000 common shares of Amseco Exploration Ltd. (2017 – 464,000) having a fair value of \$4,640 as at June 30, 2018 (2017 - nil).

## 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
	\$	\$	\$	\$	\$
<b>Mining properties</b>					
Balance, December 31, 2017	297,349	12,305	80,305	38,660	428,619
Acquisitions	104,510	-	-	7,120	111,630
Impairment	(3,981)	-	-	-	(3,981)
Balance, June 30, 2018	397,878	12,305	80,305	45,780	536,268
<b>Exploration and evaluation assets</b>					
Balance, December 31, 2017	845,592	-	158	6,469	852,219
Drilling	123,497	-	-	-	123,497
Geophysics, line cutting	66,115	-	-	16,000	82,115
Assays	5,580	-	-	-	5,580
Geology	3,662	-	-	-	3,662
Salaries	137,136	1,302	2,581	7,276	148,295
Government grants	-	-	-	(5,019)	(5,019)
Balance, June 30, 2018	1,181,582	1,302	2,739	24,726	1,210,349

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

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

	Lake George Property  New Brunswick	Julien Property  Québec	Assinica Greenstone Property  Québec	Victoria Lake Property  New Brunswick	Total
	\$	\$	\$	\$	\$
<b>Mining properties</b>					
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
<b>Exploration and evaluation assets</b>					
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

### (a) Lake George Property:

In May 2018, the Company abandoned 65 claims of which it had a 100% interest in, totaling 1,460 hectares (14.6 km<sup>2</sup>). The Company recorded an impairment of \$3,981 shown in the statement of loss and other comprehensive loss.

Furthermore, in May 2018, the Company acquired, through staking, a 100% interest in an additional 38 claims for \$2,280, totaling 854 hectares (8.54 km<sup>2</sup>).

The Lake George Property consists of a total of 283 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 237 claims covering approximately 5,186 hectares (51.86 km<sup>2</sup>) which were acquired by staking, and an option on 46 claims (the "Optioned Property") pursuant to the Option Agreement described below.

On February 6, 2014 the Company entered into a Mineral Option and Sale Agreement ("Option Agreement") with Charles Morrissy ("Morrissy") to acquire a 90% interest in 46 claims covering an area of 918 hectares (9.18 km<sup>2</sup>). 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.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

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

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

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<sup>2</sup>).

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<sup>2</sup>). The Property is more than 100 km long and extends from east of Matagami to north of Chibougamau in the northern region of Abitibi, Québec.

### (d) Victoria Lake Property:

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<sup>2</sup>) for \$1,680. These claims are 100% owned by the Company.

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 km<sup>2</sup>) 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<sup>2</sup>). The Property is located within the Clarendon, Lepreau and Pennfield Parishes of Charlotte County in New Brunswick at approximately 50 km south of Fredericton. The agreement provides for the acquisition of an undivided interest of 100% in the Property by paying the Owners in the aggregate an amount of \$250,000 in cash payments over a five-year period, including \$20,000 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.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

## 8. Accounts payable and accrued liabilities:

		June 30 2018		December 31 2017
Accounts payable	\$	135,045	\$	112,501
Accrued liabilities		88,884		93,792
Accounts payable and accrued liabilities	\$	223,929	\$	206,293

## 9. Share capital and warrants:

Authorized:

An unlimited number of common shares without par value

Shares fluctuated as follows during the period:

	June 30 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	14,006,548	700,327	22,988,571	689,657
Shares for settlement of debt	8,100,000	405,000	-	-
Cancellation of escrowed shares	-	-	(600,000)	(90,000)
Balance, end of period	93,279,313	11,627,760	71,172,765	10,522,433

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. The Company paid a commission of \$5,404, 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").

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.

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).

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

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

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").

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

	June 30 2018	December 31 2017
Balance, beginning of year	10,276,250	10,276,250
Warrants expired	(10,276,250)	-
Balance, end of period	-	10,276,250

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

## 10. Share option plan:

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 shareholder approval yearly at the Company's annual meeting of shareholders.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

## 10. Share option plan (continued):

On May 17, 2018, the Company granted 5,287,292 stock options to directors, officers, employees 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. The fair value of each option was determined using the Black-Scholes option pricing model. At the date of the grant, the weighted average fair value of options granted was \$0.04 per option for a total value of \$211,492.

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. The fair value of each option was determined using the Black-Scholes option pricing model. 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:

	June 30, 2018	December 31, 2017
Risk-free interest rate	2.324%	1.70%
Expected life	5 years	5 years
Expected volatility	177.063%	178.91%
Expected dividend	-	-
Share price	\$0.045	\$0.035
Exercise price	\$0.10	\$0.10

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

	June 30 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	5,287,292	0.10	250,000	0.10
Cancelled	-	-	(250,000)	0.10
Balance, end of period	9,325,000	0.10	4,037,708	0.10
Exercisable options, end of period	9,325,000	\$ 0.10	4,037,708	\$ 0.10

As at June 30, 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
- 5,287,292 options at \$0.10 per share until May 16, 2023

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

## 11. Commitments and contingencies:

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

		June 30 2018		December 31 2017
One year and less	\$	13,464	\$	17,600
More than one and less than five years		18,128		-
	\$	31,592	\$	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.

## 12. General and administrative expenses:

	For three months ended June 30		For six months ended June 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Salaries	72,544	25,539	138,787	25,539
Investor and shareholder relations	23,298	8,514	58,838	16,658
Rent	6,600	-	13,200	-
Insurance	1,792	1,362	3,820	2,725
Taxes, licenses, and fees	3,232	5,256	6,092	5,481
Miscellaneous	10,508	3,545	16,025	20,841
Total	117,974	44,216	236,762	71,244

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

## 13. Related party transactions:

### *Transactions with key management personnel*

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

	June 30 2018	June 30 2017
Short-term employee benefits	\$ 162,000	\$ -
Provisions for officers of the Company	-	32,616
Share-based payments	201,492	-
<b>Total</b>	<b>\$ 363,492</b>	<b>\$ 32,616</b>

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

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 \$24,000 (2017 - \$15,000), charged to professional and consulting fees, as well as with respect to financing in the amount of \$25,000 (2017 - \$25,000) charged to share issue expenses totaling an aggregate amount of \$49,000 (2017 - \$40,000). As at June 30, 2018, the accounts payable include \$15,021 (2017 - \$51,303) 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 bore 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 settled 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 closed concurrently with the closing of the Rights Offering described in Note 9. Interest amounted to \$12,404 and as at June 30, 2018 nothing is outstanding.

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 bore interest at a rate of 10% per annum. As at June 30, 2018, these loans have been repaid, including interest of \$866.

Management of the Company, including members of the board of directors, subscribed for approximately 76% of the shares issued under the offering of May 2018 (Note 9).

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 June 30, 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 9).

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 Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

## 14. 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:

	June 30 2018	June 30 2017
Loss and comprehensive loss	\$ (496,224)	\$ (60,717)
Computed "expected" tax (recovery) expense	(132,492)	(16,333)
Increase in income taxes resulting from:		
Non-deductible share-based payments	56,468	
Current year losses not recognized and changes in unrecognized deferred income tax assets	76,024	16,333
Changes in future tax rate	(38,487)	-
Changes in unrecognized deferred income tax assets	-	(42,393)
Other	38,487	42,393
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 June 30, 2018, the Company has approximately \$3,759,220 (2017 - \$3,465,837) 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 \$99,000 (2017 - \$88,000) which have not yet been deducted for income tax purposes. The Company also has \$2,560,000 (2017 - \$2,089,000) 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		307,000
Total	\$	2,560,000

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Six months ended June 30, 2018 and 2017  
(Unaudited)

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## 14. Income taxes (continued):

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

	June 30 2018	December 31 2017
Marketable securities	\$ 44,000	\$ 44,000
Non-capital losses	2,560,000	2,253,000
Mining properties and exploration and evaluation assets	2,013,000	2,649,000
Share issue costs	99,000	92,000
Unrecognized deferred tax assets	\$ 4,716,000	\$ 5,038,000

## 15. 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.

## 16. Subsequent event:

In July 2018, the Company paid \$30,000 regarding an option payment related to its Victoria Lake property as described in note 7(d).