Financial Statements of

GOLDSTAR MINERALS INC.

Years ended December 31, 2018 and 2017

GOLDSTAR MINERALS INC.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Goldstar Minerals Inc.

Opinion

We have audited the accompanying financial statements of Goldstar Minerals Inc. (the "Entity"), which comprise:

- the statements of financial position as at December 31, 2018 and December 31, 2017
- the statements of loss and other comprehensive loss for the years then ended
- the statements of cash flows for the years then ended
- the statements of changes in equity for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity is still in the exploration stage and, as such, no revenue has yet been generated from its operating activities. Accordingly, the Entity depends on its ability to raise financing in order to discharge its liabilities in the normal course of business.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP*

The engagement partner on the audit resulting in this auditors' report is Marie David.

Montréal, Canada

April 25, 2019

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

GOLDSTAR MINERALS INC.
Statements of Financial Position

As at December 31, 2018 and 2017

	2018 $	2017 $
Assets		
Current assets		
Cash and cash equivalents (note 5)	**41,065**	14,503
Tax credits and other receivables (note 6)	**36,089**	10,663
Prepaid expenses	**4,705**	21,183
	81,859	46,349
Non-current assets		
Mining properties (note 8)	**478,899**	428,619
Exploration and evaluation assets (note 8)	**1,508,113**	852,219
	1,987,012	1,280,838
	2,068,871	1,327,187
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (note 9)	**168,808**	206,293
Due to related parties (note 16)	**435,000**	75,000
	603,808	281,293
Shareholders' Equity		
Share capital and warrants (note 10)	**11,627,760**	10,522,433
Contributed surplus	**979,243**	767,751
Deficit	**(11,141,940)**	(10,244,290)
	1,465,063	1,045,894
	2,068,871	1,327,187

Reporting entity and going concern (note 1)

Commitments and contingencies (note 12)

Subsequent events (note 19)

See accompanying notes to financial statements.

On Behalf of the Board:

(s) Benoit Moreau Director

(s) Mathieu Séguin Director

GOLDSTAR MINERALS INC.

Statements of Loss and Other Comprehensive Loss

Years ended December 31, 2018 and 2017

	2018 **$**	2017 $
Expenses:		
General and administrative expenses (note 15)	**422,419**	276,156
Professional and consulting fees	**69,836**	59,160
Share-based payments (note 11)	**211,492**	7,500
	703,747	342,816
Financial expense (income)		
Administration fees	**(2,862)**	-
Gain on write-off of accounts payable	**(275)**	(97,217)
Change in fair value of marketable securities (note 7)	**(4,640)**	-
Interest expense	**23,671**	5,989
	15,894	(91,228)
Write-off of mining properties (note 8)	**92,610**	-
Write-off of exploration and evaluation assets (note 8)	**27,224**	-
	119,834	-
Loss and comprehensive loss for the year	**839,475**	251,588
Net loss per share, basic and diluted (note 18)	**(0.01)**	(0.01)
Weighted average number of shares outstanding	**85,566,314**	58,699,018

See accompanying notes to financial statements.

GOLDSTAR MINERALS INC.
Statements of Cash Flows

Years ended December 31, 2018 and 2017

	2018 $	2017 $
Cash flows used in operating activities		
Loss and comprehensive loss for the year	**(839,475)**	(251,588)
Items not involving cash:		
Share-based payments (note 11)	**211,492**	7,500
Write-off of mining properties (note 8)	**92,610**	-
Write-off of exploration and evaluation assets (note 8)	**27,224**	-
Change in fair value of marketable securities (note 7)	**(4,640)**	-
Interest expense	**23,671**	5,989
Gain on write-off of accounts payable	**(275)**	(97,217)
Net change in non-cash operating working capital:		
Change in sales tax and other receivables	**(11,631)**	21,195
Change in prepaid expenses	**16,478**	(18,004)
Change in accounts payable and accrued liabilities	**(47,610)**	137,286
Interest paid	**(13,271)**	(5,044)
Net cash used in operating activities	**(545,427)**	(199,883)
Cash flows used in investing activities		
Additions to mining properties	**(142,890)**	(211,110)
Additions to exploration and evaluation assets	**(718,891)**	(369,144)
Credit on mining duties and resource tax credits and government grants	**21,978**	36,000
Proceeds from sale of marketable securities (note 7)	**4,640**	-
Net cash used in investing activities	**(835,163)**	(544,254)
Cash flows from financing activities		
Proceeds from issuance of shares	**700,327**	689,657
Share issue expenses	**(58,175)**	(39,274)
Increase in due to related parties (note 16)	**878,000**	215,000
Decrease in due to related parties (note 16)	**(113,000)**	(140,000)
Net cash provided from financing activities	**1,407,152**	725,383
Net increase (decrease) in cash and cash equivalents	**26,562**	(18,754)
Cash and cash equivalents, beginning of year	**14,503**	33,257
Cash and cash equivalents, end of year	**41,065**	14,503
Non-cash transactions:		
Due to related parties paid in shares	**405,000**	-
Addition to mining properties by issuing shares	**-**	78,539

See accompanying notes to financial statements.

GOLDSTAR MINERALS INC.
Statements of Changes in Equity

Years ended December 31, 2018 and 2017

	2018 $	2017 $
Share capital and warrants (note 10)		
Balance, beginning of year	**10,522,433**	9,844,237
Issue of common shares, rights offering	**700,327**	689,657
Issue of common shares for settlement of debt	**405,000**	-
Issue of common shares, property interest	**-**	78,539
Cancellation of escrowed shares	**-**	(90,000)
Balance, end of year	**11,627,760**	10,522,433
Contributed surplus		
Balance, beginning of year	**767,751**	670,251
Share-based payments under the option plan	**211,492**	7,500
Cancellation of escrowed shares	**-**	90,000
Balance, end of year	**979,243**	767,751
Deficit		
Balance, beginning of year	**(10,244,290)**	(9,953,428)
Loss and comprehensive loss for the year	**(839,475)**	(251,588)
Share issue expenses	**(58,175)**	(39,274)
Balance, end of year	**(11,141,940)**	(10,244,290)
Total shareholders' equity end of year	**1,465,063**	1,045,894

See accompanying notes to financial statements.

1. Reporting entity and going concern:

Goldstar Minerals Inc. (the "Company" or "Goldstar") is a company domiciled in Canada and was continued under the *Canada Business Corporations Act* on September 4, 2014. The address of the Company's registered office is 400 Henri-Bourassa East, Suite 200, Montréal, Québec.

The Company is involved in the exploration of mineral properties in the Provinces of Québec and New Brunswick. Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

On May 18, 2018, a wholly-owned subsidiary of the Company, Auger Resources Ltd., was dissolved. As a result of the dissolution, the Company no longer has any subsidiaries and therefore the financial statements for the year ended December 31, 2018 are no longer consolidated. The comparative information presented for 2017 continues to be presented on a consolidated basis to reflect the structure at that time.

These financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The Company is still in the exploration stage and, as such, no revenue has yet been generated from its operating activities. As at December 31, 2018, the statements of financial position show a negative working capital of $521,949. The ability of the Company to meet its commitments as they become due, including the acquisition of mineral properties and the development of projects, is dependent on its ability to obtain necessary financing. The recoverability of amounts shown for mining properties and exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties. If the Company is unable to obtain sufficient additional funding, this could lead to a delay, reduction or elimination of its exploration plans, which could adversely affect its business, its financial condition and its results.

Management believes that it will be able to secure financing in the future. However, as at December 31, 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 2019 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2019. 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.

1. Reporting entity and going concern (continued):

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 financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in anything other than the ordinary course of operations.

2. Statement of compliance:

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

These financial statements were reviewed, approved and authorized for issue by the Board of Directors on April 25, 2019.

3. Basis of preparation:

a) Basis of measurement:

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

(b) Functional and presentation currency:

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

(c) Use of estimates and judgments:

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

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

3. Basis of preparation (continued):

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

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

- Note 1 - going concern;
- Notes 4 and 6 - recognition and measurement of refundable credits on mining duties and tax credits related to resources;
- Notes 4 and 8 - recoverability of mining properties and exploration and evaluation assets.

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

4. Significant accounting policies:

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

(a) Basis of consolidation:

On May 18, 2018, a wholly-owned subsidiary of the Company, Auger Resources Ltd., was dissolved. As a result of the dissolution, the Company no longer has any subsidiaries and therefore the financial statements for the year ended December 31, 2018 are no longer consolidated. The comparative information presented for 2017 continues to be presented on a consolidated basis to reflect the structure at that time.

Subsidiaries

The consolidated financial statements for the year ended December 31, 2017 include the accounts of the Company and its wholly-owned subsidiary, Auger Resources Ltd.

The financial statements of the subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiary have been changed when necessary to align them with the policies adopted by the parent Company.

4. Significant accounting policies (continued):

(b) Fair value measurement:

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

- Level 1: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- Level 2: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring the Company to develop its own assumptions.

(c) Mining properties and exploration and evaluation assets:

Mining properties correspond to acquired interests in mining permits and claims which include the rights to explore for mining, extracting and selling all minerals from such claims.

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

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

The expenditures that are included in the measurement of exploration and evaluation assets include those related to acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

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

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

4. Significant accounting policies (continued):

(d) Impairment:

Non-financial assets

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

– Exploration rights have or will expire in the near future.

– No future substantive exploration expenditures are budgeted.

– No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued.

– Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

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

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

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

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

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

(e) Share capital:

Common shares

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

4. Significant accounting policies (continued):

(e) Share capital (continued):

Flow-through shares

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

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

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

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

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

Warrants

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

(f) Share-based payments:

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

4. Significant accounting policies (continued):

(f) Share-based payments (continued):

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

(g) Finance income and finance costs:

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

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

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

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

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

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

4. Significant accounting policies (continued):

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

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

(i) Income tax:

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

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

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

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

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

(j) Earnings (loss) per share:

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

4. Significant accounting policies (continued):

(k) Segment reporting:

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

(l) New standards and interpretations adopted:

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company adopted the amendments to IFRS 2 in its financial statements for the annual period that began on January 1, 2018. The adoption of the amendments to IFRS 2 did not have an impact on the financial statements.

IFRS 9, *Financial Instruments*

On July 24, 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014)). IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets, including impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

Classification and Measurement

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on the three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). Financial liabilities are classified and measured on two categories: amortized costs or FVTPL. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated, but the hybrid financial instrument as a whole is assessed for classification.

4. Significant accounting policies (continued):

(l) New standards and interpretations adopted (continued):

IFRS 9, *Financial Instruments* (continued)

Classification and Measurement (continued)

The following table summarizes the classification impacts upon adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in significant changes in measurement or the carrying amount of financial assets and liabilities.

Asset/liability	Classification under IAS 39	Classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Investments	Fair value through other comprehensive income	Fair value through profit or loss
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

Financial assets are not reclassified subsequent to their initial recognition, unless the Company identifies changes in its business model in managing financial assets and would reassess the classification of financial assets.

Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" ("ECL") model. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model is applied, at each reporting date, to financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments.

The ECL model applied to financial assets required judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. The ECL models applied did not have a material impact on receivables of the Company.

Impairment losses, if incurred, would be recorded in the Company’s administration charges in the statement of net loss and comprehensive loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the statement of net loss and comprehensive loss. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

4. Significant accounting policies (continued):

(l) New standards and interpretations adopted (continued):

IFRS 9, *Financial Instruments* (continued)

Impairment (continued)

The Company adopted IFRS 9 in its financial statements for the annual period that began on January 1, 2018. The adoption of the IFRS 9 did not have an impact on the financial statements.

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 replaces 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 adopted IFRS 15 in its financial statements for the annual period that began on January 1, 2018 on a retrospective basis. As the Company does not generate any significant revenue from its operations, the adoption of the IFRS 15 did not have a significant impact on the financial statements.

(m) New standards and interpretations not yet adopted:

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.*

4. Significant accounting policies (continued):

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

IFRS 16, *Leases* (continued)

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 financial statements for the annual period beginning on January 1, 2019. Management expects no significant impact resulting from the adoption of this new standard.

5. Cash and cash equivalents:

		2018		2017
Bank balances	$	41,065	$	14,503

6. Tax credits and other receivables:

		2018		2017
Sales taxes receivable	$	9,030	$	8,182
Tax credits relating to resources		11,441		-
Tax credits on mining duties		2,354		-
Other		13,264		2,481
Tax credits and other receivables	$	36,089	$	10,663

7. Marketable securities:

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

	2018	2017
Amseco Exploration Ltd. - common shares	$ -	$ -

In 2018, the Company sold all its 464,000 common shares held in Amseco Exploration Ltd. at a unit price of $0.01 for gross proceeds of $4,640. As at December 31, 2017, these common shares were presented at their fair value of nil, and as a result, a change in fair value of marketable securities of $4,640 was recorded under financial income in 2018.

8. 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	104,510	-	-	38,380	142,890
Write-off	-	(12,305)	(80,305)	-	(92,610)
Balance, December 31, 2018	401,859	-	-	77,040	478,899
Exploration and evaluation assets					
Balance, December 31, 2017	845,592	-	158	6,469	852,219
Drilling	260,159	-	-	-	260,159
Geophysics, line cutting	66,115	-	-	16,000	82,115
Trenching	2,375	-	-	-	2,375
Assays	54,138	2,573	4,140	8,858	69,709
Salaries	209,658	11,196	11,894	42,500	275,248
Field expenses	4,412	5,101	5,957	13,815	29,285
Government grants	(12,000)	-	-	(9,978)	(21,978)
Mining and resource tax credits	-	(6,371)	(7,424)	-	(13,795)
Write-off	-	(12,499)	(14,725)	-	(27,224)
Balance, December 31, 2018	1,430,449	-	-	77,664	1,508,113

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

Mining properties and exploration and evaluation assets are detailed as follows (continued):

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

(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^2) and acquired, through staking, a 100% interest in an additional 38 claims for $2,280, totaling 854 hectares (8.54 km^2).

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^2) which were acquired by staking, and an option on 46 claims (the "Optioned Property") pursuant to the Option Agreement described below.

On February 6, 2014, the Company entered into a Mineral Option and Sale Agreement ("Option Agreement") with Charles Morrissy ("Morrissy") to acquire a 90% interest in 46 claims covering an area of 918 hectares (9.18 km^2). To date, Morrissy has received cash payments of $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.

8. 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 initially amended its Option Agreement on its Lake George Property on January 30, 2019 and subsequently on April 2, 2019. Under the latest amendment, Goldstar will pay Morrissy $100,000 on the earlier of (i) 5 days following the date upon which Goldstar completes a financing of no less than $500,000 and (ii) June 14, 2019; and $200,000 payable in two installments of $100,000 on February 14, 2020 and 2021.

(b) Julien Property:

In November 2018, the Company abandoned 8 claims of which it had a 100% interest in, totaling 442 hectares (4.42 km^2).

The Julien Property is located approximately 100 km east of the town of Matagami, Québec. The Company owns 100% interest in 149 claims totaling 8,239 hectares (82.39 km^2).

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

Following the recent results of exploration work done on the property, the Company decided to focus on the most promising and most advanced projects which are the Lake George Property and the Victoria Lake Property; therefore a write-off totaling $24,804 was recorded in 2018.

(c) Assinica Greenstone Property:

In 2017, the Company acquired, through staking, the Assinica Greenstone Belt Property for $80,305, which consists of 100% interest in 1,243 claims totaling 67,139 hectares (671.39 km^2). The property is more than 100 km long and extends from east of Matagami to north of Chibougamau in the northern region of Abitibi, Québec.

Following the recent results of exploration work done on the property, the Company decided to focus on the most promising and most advanced projects which are the Lake George Property and the Victoria Lake Property; therefore a write-off totaling $95,030 was recorded in 2018.

(d) Victoria Lake Property:

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

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

(d) Victoria Lake Property (continued):

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^2) which were acquired by staking, and an option on 48 claims (the "Property") pursuant to the Option Agreement described below.

On April 14, 2017, the Company entered into a Mineral Option and Sale Agreement with Campfire Resources Ltd and Southfield Resources Ltd (the "Owners") with respect to the Victoria Lake Tin Property, consisting of 48 claims and covering an area of 1,089 hectares (10.89 km^2). The Property is located within the Clarendon, Lepreau and Pennfield Parishes of Charlotte County in New Brunswick at approximately 50 km south of Fredericton. The agreement provides for the acquisition of an undivided interest of 100% in the Property by paying the Owners in the aggregate an amount of $250,000 in cash payments over a five-year period, including $20,000 that was paid at closing on July 21, 2017. To date, the Owners have received cash payments of $50,000. Upon exercise of the option, Goldstar shall grant the Owners a net smelter return royalty ("NSR") of 2% from production derived from the Property of which 50% of royalties can be purchased back by Goldstar at any time by paying to the Owners the amount of $1,000,000. Until the option is exercised, the Company shall solely fund any exploration expenditure on the Property.

9. Accounts payable and accrued liabilities:

		2018		2017
Accounts payable	$	113,135	$	112,501
Accrued liabilities		55,673		93,792
Accounts payable and accrued liabilities	$	168,808	$	206,293

10. Share capital and warrants:

Authorized:

An unlimited number of common shares without par value

Shares fluctuated as follows during the year:

	2018		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 year	93,279,313	11,627,760	71,172,765	10,522,433

10. Share capital and warrants (continued):

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 fee 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, and a holding company controlled by 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 8(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").

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

	2018	2017
Balance, beginning of year	$ 10,276,250	$ 10,276,250
Warrants expired	(10,276,250)	-
Balance, end of year	$ -	$ 10,276,250

11. 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.

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:

	2018	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

11. Share option plan (continued):

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

	2018		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 year	9,325,000	0.10	4,037,708	0.10
Exercisable options, end of year	9,325,000	$ 0.10	4,037,708	$ 0.10

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

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

12. Commitments and contingencies:

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

	2018	2017
One year and less	$ 18,128	$ 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.

13. Financial instruments and financial risk management:

Risk management

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

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

(a) Fair value:

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

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

As at December 31, 2017, the Company held marketable securities consisting of 464,000 common shares of Amseco Exploration Ltd. carried at a fair value of nil which have been sold at a unit price of $0.01 for gross proceeds of $4,640 during 2018. These marketable securities were classified as Level 1 within the fair value hierarchy.

(b) Credit risk:

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

(c) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had a cash balance of $41,065 (2017 - $14,503) to settle current liabilities of $603,808 (2017 - $281,293). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

14. Capital disclosures:

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

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

15. General and administrative expenses:

		2018		2017
Salaries	$	287,433	$	180,184
Investor and shareholder relations		75,710		45,610
Rent		26,664		8,800
Insurance		7,422		5,450
Taxes, licenses and fees		2,435		5,759
Miscellaneous		22,755		30,353
Total	$	422,419	$	276,156

16. Related party transactions:

Transactions with key management personnel

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

		2018		2017
Short-term employee benefits	$	324,000	$	209,693
Share-based payments		201,492		-
Total	$	525,492	$	209,693

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.

16. Related party transactions (continued):

Transactions with key management personnel (continued)

During the year, a law firm, in which a director of the Company is a partner, rendered legal and consulting services in the amount of $48,000 (2017 - $39,000), charged to professional and consulting fees, as well as with respect to financing in the amount of $29,500 (2017 - $25,000) charged to share issue expenses totaling an aggregate amount of $77,500 (2017 - $64,000). As at December 31, 2018, the accounts payable include $19,031 (2017 - $27,708) 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 16, 2017. The parties have settled the full amount of the principal outstanding under these loans ($405,000) by issuing 8,100,000 common shares at $0.05 per share. The debt settlement transaction closed concurrently with the closing of the rights offering described in note 10. Interest amounted to $12,404 and as at December 31, 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 December 31, 2018, these loans have been repaid, including interest of $866.

On August 21, September 18, October 4, November 5, and December 20, 2018, a holding company controlled by a director of the Company loaned the respective amounts of $150,000, $75,000, $75,000, $75,000, and $40,000 to the Company. These loans bear interest at a rate of 10% per annum and are repayable on demand. As of December 31, 2018, interest accrued amounted to $10,755 and $415,000 is still outstanding.

On December 5, 2018, a director of the Company loaned $20,000 to the Company. This loan bears interest at a rate of 10% per annum and is repayable on demand. As at December 31, 2018, interest accrued amounted to $148.

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 10).

On February 28, 2017, directors loaned $125,000 to the Company. On July 5, 2017, a director loaned an additional $15,000 to the Company. These loans bore interest at a rate of 10% per annum and were repayable on demand. On July 23, 2017, the Company repaid the $140,000 plus interest of $5,044.

Management of the Company, including members of the board of directors, subscribed for approximately 74% of the shares issued under the offering of June 2017 (Note 10).

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.

17. 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 - 26.8%) as a result of the following:

		2018		2017
Loss and comprehensive loss	$	(839,475)	$	(251,588)
Computed "expected" tax (recovery) expense		(224,140)		(67,426)
Increase in income taxes resulting from:				
Non-deductible share-based payments		56,468		2,010
Current year losses not recognized and changes in unrecognized deferred income tax assets		166,515		52,494
Changes in future tax rate		–		21,221
Impact of change of tax rates		1,687		–
Adjustment relating to prior years		(199)		–
Other		(331)		(8,299)
Total deferred income tax recovery	$	–	$	–

The decrease in the combined federal and provincial statutory tax rate is due to a 0.1% decrease in the Québec income tax rate from 11.8% to 11.7%.

As at December 31, 2018, the Company has approximately $4,758,000 (2017 - $3,930,000) of Canadian development and exploration expenditures, which under certain circumstances may be utilized to reduce the taxable income of future years. In addition, the Company has share issue costs of approximately $105,000 (2017 - $92,000) which have not yet been deducted for income tax purposes. The Company also has $2,813,000 (2017 - $2,253,000) 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		300,000
2038		556,000
Total	$	2,813,000

17. Income taxes (continued):

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

		2018		2017
Marketable securities	$	-	$	44,000
Non-capital losses		2,813,000		2,253,000
Capital losses		39,000		-
Mining properties and exploration and evaluation assets		2,769,000		2,649,000
Share issue costs		105,000		92,000
Unrecognized temporary differences	$	5,726,000	$	5,038,000

18. 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.

19. Subsequent events:

On January 21, 2019, the Company completed a non-brokered private placement financing. The Company issued a total of 2,800,000 units at a price of $0.05 per unit for gross proceeds of $140,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one Class A common share at a price of $0.05 until July 20, 2020.

On January 21, 2019, the Company repaid a $40,000 loan to a director of the Company plus interest in the amount of $362.