

# **GOLDSTAR MINERALS INC.**

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

**For the period ended  
March 31, 2019**

Goldstar Minerals Inc.  
400 Henri-Bourassa East, Suite 200  
Montréal (Québec) H3L 1C4  
Tel.: (514) 228-3965

**GOLDSTAR MINERALS INC.**  
Condensed Interim Statements of Financial Position  
(Unaudited)

|   | <b>March 31<br/>2019<br/>\$</b> | December 31<br>2018<br>\$ |
|---|---------------------------------|---------------------------|
| <b>Assets</b>                                     |                                 |                           |
| <b>Current assets</b>                             |                                 |                           |
| Cash and cash equivalents (note 4)                | 30,075                          | 41,065                    |
| Tax credits and other receivables (note 5)        | 35,562                          | 36,089                    |
| Prepaid expenses                                  | 6,802                           | 4,705                     |
|   | <b>72,439</b>                   | 81,859                    |
| <b>Non-current assets</b>                         |                                 |                           |
| Mining properties (note 6)                        | 480,009                         | 478,899                   |
| Exploration and evaluation assets (note 6)        | 1,555,746                       | 1,508,113                 |
|   | <b>2,035,755</b>                | 1,987,012                 |
|   | <b>2,108,194</b>                | 2,068,871                 |
| <b>Liabilities and Shareholders' Equity</b>       |                                 |                           |
| <b>Current Liabilities</b>                        |                                 |                           |
| Accounts payable and accrued liabilities (note 7) | 248,788                         | 168,808                   |
| Due to related parties (note 12)                  | 395,000                         | 435,000                   |
|   | <b>643,788</b>                  | 603,808                   |
| <b>Shareholders' Equity</b>                       |                                 |                           |
| Share capital and warrants (note 8)               | 11,767,760                      | 11,627,760                |
| Contributed surplus                               | 979,243                         | 979,243                   |
| Deficit   | (11,282,597)                    | (11,141,940)              |
|   | <b>1,464,406</b>                | 1,465,063                 |
|   | <b>2,108,194</b>                | 2,068,871                 |

Reporting entity and going concern (note 1)

Commitments and contingencies (note 10)

Subsequent events (note 15)

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<br>March 31 |            |
|---|------------------------------------|------------|
|   | 2019                               | 2018       |
|   | \$                                 | \$         |
| <b>Expenses:</b>  |                                    |            |
| General and administrative expenses (note 11)           | <b>111,790</b>                     | 118,788    |
| Professional and consulting fees                        | <b>16,800</b>                      | 16,800     |
|   | <b>128,590</b>                     | 135,588    |
| <b>Financial expense</b>                                |                                    |            |
| Interest expense  | <b>9,970</b>                       | 7,685      |
|   | <b>9,970</b>                       | 7,685      |
| <b>Loss and other comprehensive loss for the period</b> | <b>138,560</b>                     | 143,273    |
| Net loss per share, basic and diluted (note 14)         | <b>(0.01)</b>                      | (0.01)     |
| Weighted average number of shares outstanding           | <b>95,450,100</b>                  | 71,172,765 |

See accompanying notes to condensed interim financial statements.

# GOLDSTAR MINERALS INC.

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

|  | For three months ended<br>March 31 |                  |
|--|------------------------------------|------------------|
|  | 2019                               | 2018             |
|  | \$                                 | \$               |
| <b>Cash flows from operating activities</b>                            |                                    |                  |
| Loss and comprehensive loss for the period                             | (138,560)                          | (143,273)        |
| Items not involving cash:  |                                    |                  |
| Interest expense   | 9,970                              | 7,685            |
| Net change in non-cash operating working capital:                      |                                    |                  |
| Change in sales tax and other receivables                              | 527                                | (6,289)          |
| Change in prepaid expenses   | (2,097)                            | 12,214           |
| Change in accounts payable and accrued liabilities                     | 70,372                             | 30,212           |
| Interest paid  | (362)                              | -                |
| <b>Net cash used in operating activities</b>                           | <b>(60,150)</b>                    | <b>(99,451)</b>  |
| <b>Cash flows from investing activities</b>                            |                                    |                  |
| Additions to mining properties   | (1,110)                            | (102,060)        |
| Additions to exploration and evaluation assets                         | (47,633)                           | (132,266)        |
| Credit on mining duties and resource tax credits and government grants | -                                  | -                |
| <b>Net cash used in investing activities</b>                           | <b>(48,743)</b>                    | <b>(234,326)</b> |
| <b>Cash flows from financing activities</b>                            |                                    |                  |
| Proceeds from issuance of shares                                       | 140,000                            | -                |
| Share issue expenses   | (2,097)                            | (970)            |
| Increase in due to related parties (note 12)                           | -                                  | 330,000          |
| Decrease in due to related parties (note 12)                           | (40,000)                           | -                |
| <b>Net cash provided from financing activities</b>                     | <b>97,903</b>                      | <b>329,030</b>   |
| <b>Net decrease in cash and cash equivalents</b>                       | <b>(10,990)</b>                    | <b>(4,747)</b>   |
| <b>Cash and cash equivalents, beginning of year</b>                    | <b>41,065</b>                      | <b>14,503</b>    |
| <b>Cash and cash equivalents, end of period</b>                        | <b>30,075</b>                      | <b>9,756</b>     |

See accompanying notes to condensed interim financial statements.

# GOLDSTAR MINERALS INC.

Condensed Interim Statements of Changes in Equity  
(Unaudited)

|   | For three months ended<br>March 31 |                |
|---|------------------------------------|----------------|
|   | 2019                               | 2018           |
|   | \$                                 | \$             |
| <b>Share capital and warrants (note 8)</b>      |                                    |                |
| Balance, beginning of year                      | 11,627,760                         | 10,522,433     |
| Issue of common shares, private placement       | 140,000                            | -              |
| Balance, end of period                          | 11,767,760                         | 10,522,433     |
| <b>Contributed surplus</b>                      |                                    |                |
| Balance, beginning of year and end of period    | 979,243                            | 767,751        |
| <b>Deficit</b>                                  |                                    |                |
| Balance, beginning of year                      | (11,141,940)                       | (10,244,290)   |
| Loss and comprehensive loss for the period      | (138,560)                          | (143,273)      |
| Share issue expenses                            | (2,097)                            | (970)          |
| Balance, end of period                          | (11,282,597)                       | (10,388,533)   |
| <b>Total shareholders' equity end of period</b> | <b>1,464,406</b>                   | <b>901,651</b> |

See accompanying notes to condensed interim financial statements.

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Interim Financial Statements  
Three months ended March 31, 2019 and 2018  
(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.

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 2018 continues to be presented on a consolidated basis until the date of dissolution to reflect the structure at that time.

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 March 31, 2019, the condensed interim statements of financial position show a negative working capital of \$571,349. The ability of the Company to meet its commitments as they become due, including the acquisition of mineral properties and the development of projects, is dependent on its ability to obtain necessary financing. The recoverability of amounts shown for mining properties and exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties. If the Company is unable to obtain sufficient additional funding, this could lead to a delay, reduction or elimination of its exploration plans, which could adversely affect its business, its financial condition and its results.

Management believes that it will be able to secure financing in the future. However, as at March 31, 2019, 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.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Three months ended March 31, 2019 and 2018  
(Unaudited)

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## 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 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.

## 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, 2018.

## 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, 2018, except for the following:

New accounting standards adopted:

The following standards have been applied in preparing the unaudited condensed interim financial statements as at March 31, 2019 and did not have a significant impact on the financial statements.

### IFRS 16, *Leases*

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

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

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

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

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
 Three months ended March 31, 2019 and 2018  
 (Unaudited)

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

New accounting standards adopted (continued):

IFRS 16, *Leases (continued)*

The Company adopted 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.

### 4. Cash and cash equivalents:

|               | March 31<br>2019 | December 31<br>2018 |
|---------------|------------------|---------------------|
| Bank balances | \$ 30,075        | \$ 41,065           |

### 5. Tax credits and other receivables:

|                                   | March 31<br>2019 | December 31<br>2018 |
|-----------------------------------|------------------|---------------------|
| Sales taxes receivable            | \$ 8,306         | \$ 9,030            |
| Tax credits relating to resources | 11,441           | 11,441              |
| Tax credits on mining duties      | 2,354            | 2,354               |
| Other                             | 13,461           | 13,264              |
| Tax credits and other receivables | \$ 35,562        | \$ 36,089           |

### 6. Mining properties and exploration and evaluation assets:

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

|  | Lake George<br>Property<br>New Brunswick | Victoria Lake<br>Property<br>New Brunswick | Total     |
|--|--|--|-----------|
|  | \$                                       | \$   | \$        |
| <b>Mining properties</b>                     |  |  |           |
| Balance, December 31, 2018                   | 401,859                                  | 77,040                                     | 478,899   |
| Claim staking and renewal                    | 1,150                                    | (40)                                       | 1,110     |
| Balance, March 31, 2019                      | 403,009                                  | 77,000                                     | 480,009   |
| <b>Exploration and<br/>evaluation assets</b> |  |  |           |
| Balance, December 31, 2018                   | 1,430,449                                | 77,664                                     | 1,508,113 |
| Geology                                      | -  | 871  | 871       |
| Assays                                       | 26,155                                   | -  | 26,155    |
| Salaries                                     | 13,346                                   | 6,665                                      | 20,011    |
| Field expenses                               | 596                                      | -  | 596       |
| Balance, March 31, 2019                      | 1,470,546                                | 85,200                                     | 1,555,746 |



# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
 Three months ended March 31, 2019 and 2018  
 (Unaudited)

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

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

### (a) Lake George Property:

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 \$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 a further \$200,000 payable in two installments of \$100,000 on February 14, 2020 and 2021.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Three months ended March 31, 2019 and 2018  
(Unaudited)

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## 6. 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.

### (b) Victoria Lake Property:

The Victoria Lake property consists of a total of 391 claims. The property comprises a 100% interest in 343 claims covering approximately 7,780 hectares (77.80 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 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. To date, the Owners have received cash payments of \$50,000. Upon exercise of the option, Goldstar shall grant to the Owners a net smelter return royalty ("NSR") of 2% from production derived from the Property of which 50% of royalties can be purchased back by Goldstar at any time by paying to the Owners the amount of \$1,000,000. Until the option is exercised, the Company shall solely fund any exploration expenditure on the Property.

## 7. Accounts payable and accrued liabilities:

|  |    | March 31 |    | December 31 |
|--|----|----------|----|-------------|
|  |    | 2019     |    | 2018        |
| Accounts payable                         | \$ | 156,470  | \$ | 113,135     |
| Accrued liabilities                      |    | 92,318   |    | 55,673      |
| Accounts payable and accrued liabilities | \$ | 248,788  | \$ | 168,808     |

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Three months ended March 31, 2019 and 2018  
(Unaudited)

## 8. Share capital and warrants:

Authorized:

An unlimited number of common shares without par value

Shares fluctuated as follows during the period:

|                                   | March 31<br>2019    |            | December 31<br>2018 |            |
|-----------------------------------|---------------------|------------|---------------------|------------|
|                                   | Number of<br>shares | \$         | Number of<br>shares | \$         |
| Balance, beginning of year        | 93,279,313          | 11,627,760 | 71,172,765          | 10,522,433 |
| Private placement – common shares | 2,800,000           | 140,000    | -                   | -          |
| Rights offering - common shares   | -                   | -          | 14,006,548          | 700,327    |
| Shares for settlement of debt     | -                   | -          | 8,100,000           | 405,000    |
| Balance, end of period            | 96,079,313          | 11,767,760 | 93,279,313          | 11,627,760 |

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 May 8, 2018, the Company completed a rights offering. Upon closing of the rights offering, the Company issued a total of 14,006,548 common shares 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.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Three months ended March 31, 2019 and 2018  
(Unaudited)

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

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

|   | March 31<br>2019 | December 31<br>2018 |
|---|------------------|---------------------|
| Balance, beginning of year                  | -                | 10,276,250          |
| Warrants issued:                            |                  |                     |
| To shareholders regarding private placement | 2,800,000        | -                   |
| Warrants expired                            | -                | (10,276,250)        |
| Balance, end of period                      | 2,800,000        | -                   |

As at March 31, 2019, the following share purchase warrants were outstanding:

- 2,800,000 warrants at \$0.05 per warrant expiring July 20, 2020

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

## 9. Share option plan:

The Company has a Rolling 10% Stock Option Plan (the "Plan") for the benefit of the directors, officers, employees, and service providers of the Company. The maximum number of common shares which may be issued under the Plan is 10% of the Company's issued and outstanding share capital at the date of the 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 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 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.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Three months ended March 31, 2019 and 2018  
(Unaudited)

## 9. Share option plan (continued):

The following weighted average assumptions were used in these calculations:

|                         | March 31, 2019 | December 31, 2018 |
|-------------------------|----------------|-------------------|
| Risk-free interest rate | -              | 2.324%            |
| Expected life           | -              | 5 years           |
| Expected volatility     | -              | 177.063%          |
| Expected dividend       | -              | -                 |
| Share price             | -              | \$0.045           |
| Exercise price          | -              | \$0.10            |

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

|                                    | March 31<br>2019     |                                       | December 31<br>2018  |                                       |
|------------------------------------|----------------------|---------------------------------------|----------------------|---------------------------------------|
|                                    | Number of<br>options | Weighted<br>average<br>exercise price | Number of<br>options | Weighted<br>average<br>exercise price |
| Balance, beginning of year         | 9,325,000            | \$ 0.10                               | 4,037,708            | \$ 0.10                               |
| Granted                            | -                    | -                                     | 5,287,292            | 0.10                                  |
| Cancelled                          | -                    | -                                     | -                    | -                                     |
| Balance, end of period             | 9,325,000            | 0.10                                  | 9,325,000            | 0.10                                  |
| Exercisable options, end of period | 9,325,000            | \$ 0.10                               | 9,325,000            | \$ 0.10                               |

As at March 31, 2019, 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 period could potentially dilute basic earnings per share in the future.

# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
Three months ended March 31, 2019 and 2018  
(Unaudited)

## 10. Commitments and contingencies:

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

|                   | March 31<br>2019 | December 31<br>2018 |
|-------------------|------------------|---------------------|
| One year and less | \$ 11,330        | \$ 18,128           |

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

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

## 11. General and administrative expenses:

|                                    | For three months ended<br>March 31 |         |
|------------------------------------|------------------------------------|---------|
|                                    | 2019                               | 2018    |
|                                    | \$                                 | \$      |
| Salaries                           | 85,867                             | 66,243  |
| Investor and shareholder relations | 12,469                             | 35,540  |
| Rent                               | 6,798                              | 6,600   |
| Insurance                          | 1,800                              | 2,028   |
| Taxes, licenses, and fees          | 490                                | 2,860   |
| Miscellaneous                      | 4,366                              | 5,517   |
| Total                              | 111,790                            | 118,788 |

## 12. Related party transactions:

*Transactions with key management personnel*

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

|                              | March 31<br>2019 | March 31<br>2018 |
|------------------------------|------------------|------------------|
| Short-term employee benefits | \$ 62,308        | \$ 74,769        |
| Total                        | \$ 62,308        | \$ 74,769        |

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.

# **GOLDSTAR MINERALS INC.**

Notes to Condensed Interim Financial Statements, Continued  
Three months ended March 31, 2019 and 2018  
(Unaudited)

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## **12. Related party transactions (continued):**

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 nil (2018 - \$12,000), charged to professional and consulting fees, as well as with respect to financing in the amount of nil (2018 - nil) charged to share issue expenses totaling an aggregate amount of nil (2018 - \$12,000). As at March 31, 2019, the accounts payable include \$19,031 (2018 - \$43,999) owed to this legal firm.

On January 21, 2019, the Company repaid \$40,000 of the outstanding loans totaling \$415,000 to directors of the Company plus interest in the amount of \$362. These loans bear interest at a rate of 10% per annum and are repayable on demand. As at March 31, 2019, interest accrued amounted to \$19,870 and a balance of \$375,000 is still owing.

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 8. 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 at 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.

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  
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## 13. Income taxes:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.6% (2018 - 26.7%) as a result of the following:

|  | March 31<br>2019 | March 31<br>2018 |
|--|------------------|------------------|
| Loss and comprehensive loss  | \$ (138,560)     | \$ (143,273)     |
| Computed "expected" tax (recovery) expense   | (36,857)         | (38,254)         |
| Increase in income taxes resulting from:   |                  |                  |
| Current year losses not recognized and changes in<br>unrecognized deferred income tax assets | 29,602           | (140,948)        |
| Changes in future tax rate   | 955              | 15,223           |
| Other  | 6,300            | 163,979          |
| 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 11.7% to 11.6%.

As at March 31, 2019, the Company has approximately \$4,807,000 (2018 - \$3,523,785) 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 \$69,000 (2018 - \$59,000) which have not yet been deducted for income tax purposes. The Company also has \$2,960,000 (2018 - \$2,404,000) 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   |
| 2039  |    | 147,000   |
| Total | \$ | 2,960,000 |



# GOLDSTAR MINERALS INC.

Notes to Condensed Interim Financial Statements, Continued  
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## 13. Income taxes (continued):

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

|  | March 31<br>2019 | December 31<br>2018 |
|--|------------------|---------------------|
| Non-capital losses   | \$ 2,960,000     | 2,813,000           |
| Capital losses   | 39,000           | 39,000              |
| Mining properties and<br>exploration and evaluation assets | 2,771,000        | 2,769,000           |
| Share issue costs  | 69,000           | 105,000             |
| Unrecognized temporary differences                         | \$ 5,839,000     | \$ 5,726,000        |

## 14. Earnings per share:

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

## 15. Subsequent events:

In April 2019, the Company acquired, through staking, a 100% interest in 36 claims for \$2,160, totaling 816 hectares (8.16 km<sup>2</sup>) on its Victoria Lake Property.

In May 2019, the Company abandoned 213 claims of which it had a 100% interest in, totaling 4,832 hectares (48.32 km<sup>2</sup>) on its Victoria Lake Property.

In May 2019, the Company abandoned 84 claims of which it had a 100% interest in, totaling 1,888 hectares (18.88 km<sup>2</sup>) on its Lake George Property.

On May 2, 2019, a director of the Company loaned \$25,000 to the Company. This loan bears interest at a rate of 10% per annum and is repayable on demand.